

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4747 HJUD HJR 44 - HJR 48

39

Constitution that required Congress to deliberate in public");  
Watkins, supra at 271.

On the other hand, at least thirty-five states have constitutional requirements that their legislatures meet in public.<sup>7</sup> See Note, supra at 1203. All fifty states, the District of Columbia, and the federal government have some form of an open meetings act. Watkins, supra at 268, 272. These acts have never been held to be constitutionally required, however. Society of Professional Journalists, 616 F. Supp. at 572; see Watkins, supra at 272.

There is one area where a constitutional right of access clearly does exist, namely, in judicial proceedings. The United States Supreme Court has found under the first amendment that the public and press have a right of access to criminal

---

7. The State of Oregon amended its constitution in 1974 and 1978 to require that its legislature conduct its deliberations in public. This amendment is found in that part of the Oregon Constitution dealing with the legislative branch, and provides:

The deliberations of each house, of committees of each house or joint committees and of committees of the whole, shall be open. Each house shall adopt rules to implement the requirement of this section and the houses jointly shall adopt rules to implement the requirements of this section in any joint activity that the two houses may undertake.

Or. Const. article IV, § 14.

trials even where the defendant expressly waives his or her right to a public trial and desires the proceedings to be closed. Richmond Newspapers, Inc. v. Virginia, 448 U.S. 555, 65 L. Ed. 2d 973 (1980) (plurality decision adopted as a majority decision in Globe Newspaper Co. v. Superior Court, 457 U.S. 596, 73 L. Ed. 2d 248 (1982)). The Supreme Court's rationale for finding this unenumerated right of access is significant. First, criminal trials have historically been open to the press and public. Globe Newspaper, 457 U.S. at 605, 73 L. Ed. 2d at 256. Second, the right of access to criminal trials plays a significant role in the proper functioning of the judicial process. Id. at 606, 73 L. Ed. 2d at 256.

In this case the superior court utilized the analysis applied by Richmond Newspapers/Globe Newspaper to find that the public and the press have an implied right under the Alaska Constitution, article I, section 5, to attend certain meetings of legislative units. The court's analysis is in two parts: an historical review, looking to the practice in effect at the time of the adoption of the Alaska Constitution to determine what the framers intended, and a functional evaluation seeking to determine the effect that a requirement of public access to legislative meetings would have.

We disagree with this analysis because the history of the Alaska Constitutional Convention indicates that the framers of our constitution did not intend to confer a right of public

access to meetings of legislative committees or legislative caucuses.<sup>8</sup>

The constitution expressly provides that it is the legislature's province to establish its own rules of procedure. Alaska Const. article II, section 12. We have held in part III of this opinion that this provision includes the authority to make rules concerning whether legislative bodies shall conduct their business in open or closed meetings. Of course, if the constitution contained an express or implied guarantee of public access to legislative meetings, the legislature could not, pursuant to article II, section 12, adopt a rule or enact a law to the contrary.

At the outset, we are confronted with the rule that the intent underlying constitutional language should first be gathered from the language itself. Baker v. City of Fairbanks, 471 P.2d 386, 397 (Alaska 1970). Although we would naturally expect a provision requiring legislative bodies to conduct their meetings in public to be found in article II, which pertains to the legislature, it is clear that the constitution contains no express provision there, or in the declaration of rights in

---

8. We are not presented with the issue whether there may be an implied constitutional right of the public and the press to attend floor sessions of the two houses of the legislature, or to attend sessions of the legislature meeting as a whole. Our opinion is limited to meetings of legislative committees and so-called caucuses.

article I, or anywhere else. Thus, we must determine if such a right may be implied.

We begin by seeking to determine the intent of the framers. We find evidence of such intent in the debate at the Constitutional Convention over the question of the public's access to the Convention's own committee meetings. That debate shows clearly that the delegates were aware of the issue and of the necessity for dealing with it directly.

One of the first orders of business for the Constitutional Convention was to adopt procedural rules to govern its own activities in drafting the constitution. Rule 19 concerned public access to the deliberations of the Standing Committees of the Convention. As originally proposed, Rule 19 provided:

The deliberations of the Standing Committees shall not be open to the public except upon invitation of the Committee. Each Standing Committee shall notify the Secretary of the time and place of meetings, and the Secretary shall make such notice public.

1 Proceedings of the Alaska Constitutional Convention 75  
(November 9, 1955) (hereafter "Convention Proceedings").

Delegate Rivers spoke first in support of the Rule.

The committees have a lot of work to do and need freedom to express themselves to arrive at a consensus of their thinking and, accordingly, the committees in all fairness, could hear anyone who requested to be heard, and that is the reason for saying that the time of these committee meetings shall be posted or publicized by the Secretary. Everyone is supposed to know when we are

meeting so that anyone can request to be heard, but we don't want to have them open to the public while we try to develop a consensus of our thinking during all of our exploratory work. We think the committees can do better work if the public is there on invitation or if particular persons who want to be heard, do so upon request, and that is the reason for the rule.

Id. Delegate Hellenthal spoke in opposition to the Rule, stating:

This is an unusual rule. I doubt if any other body such as this has such a rule. I know the Congress of the United States does not have such a rule, and I think that we would put ourselves open to the well-deserved criticism that we are meeting in secret session, which has an ugly connotation, but which criticism will be levelled at the group unless we adopt a more normal method. I would suggest the method of executive session, that by majority of two-thirds vote of the members of the committee, that the public be excluded to consider stated objects . . . . That is the rule of the United States Congress. I think this rule will involve us in great difficulties, and I see absolutely no need for it. Now if the occasion develops that crackpots or someone (I don't think there are many crackpots in Alaska) start plaguing us, then we can take a prophylactic rule such as the one recommended here, but in the absence of that demonstration I think that this rule has no place before our body.

Id. at 76.

Delegate Sundborg took issue with Delegate Hellenthal's statement.

Many another deliberative body and I think practically every deliberative body has a rule such as this. Committee meetings of the United States Congress are not open to the public except upon invitation of the committees. Hearings are but committee

meetings, I've been excluded from them many times, in Congress. I might say that our legislative committee meetings are not open to the public except upon invitation.

Id.<sup>9</sup> After noting the secret nature of both committee meetings and plenary sessions of the Federal Constitutional Convention, Delegate Sundborg commented:

I feel we do have to have the freedom which we would have in committee only if we can speak without having a lot of people sitting around breathing down our necks. If a matter comes before a committee which would require the presence of the public, or where the presence of the public would help the committee reach a solution, I am sure any committee would be glad to invite the public in, . . . but I just don't think that business can be conducted efficiently if the public is walking in and out wandering around through these committee rooms all the time we are trying to do serious business.

Id. at 76-77.

Delegate Vic Fischer moved that the first sentence of Rule 19 as proposed be amended to read:

The deliberations of the Standing Committees shall be open to the public, unless the Committee by two-thirds vote of all the members to which it is entitled votes to hold an executive session.

---

9. Although not required by the United States Constitution, the United States Senate has met in public on a regular basis since 1794, and the House since the War of 1812. Committee sessions, where the bulk of the Congress' work is done, were not routinely open to the public until the mid-1970's. Watkins, supra at 271-72.

Id. at 77. This proposal met with heated disagreement from Delegates Hermann, Taylor, and Barr. See id. at 77-79. Delegate Hermann stated:

I think that . . . the Convention should remember that no business conducted in the committee itself is even final. What we shall be doing in these committees is threshing out minor details, maybe some major ones too, but the point of the matter is that we have no power to translate that into action until it is brought before the Convention as a whole. If the public meetings are open to the Convention, which they certainly will be at all times, any discussion on any matter pertinent to the Constitution will be open to the public.

Id. at 77-78.

At this point the Convention recessed for lunch. Over the lunch recess a compromise was reached. Id. at 80-81. The compromise proposal, adopted by unanimous consent, provided:

The deliberations of the Standing Committees shall be open to the public at such times as may be designated by the respective committees. If a committee finds it to be in the public interest, upon application any citizen may attend committee sessions. . . .

Id. at 81. It is clear that although Rule 19 was crafted in terms of open meetings, in fact the rule establishes a normal procedure of closed meetings unless a committee acted to open a meeting to the public.

In light of the delegates' debate concerning the merits of adopting a procedural rule governing the public's right of access to the Convention's committee meetings, and of their unanimous decision to establish a norm of closed meetings, we do

not believe that they intended that the constitution would direct that committee meetings of the future state's legislature should be open to public access. Rather, it is our view that the Constitutional Convention left this topic to the legislature by providing in article II, section 12 that the legislature was authorized to adopt its own rules of procedure.

Our conclusion is supported by the constitutional framers' understanding that territorial legislative committee meetings were usually closed to the public. The practice of closed territorial legislative committee meetings was noted in the delegates' debate on whether the Convention's Standing Committee meetings should be closed to the public. Convention Proceedings at 76 (comment of Delegate Sundborg). Given this practice, it seems highly improbable that the delegates, if they intended a contrary rule, would be content to leave it for discovery by implication. Rather, since historically the rule was one of closed meetings, it is most reasonable to conclude that the delegates thought they were not changing traditional practices. See Baker v. City of Fairbanks, 471 P.2d 400-401.

We conclude that the framers of the Alaska Constitution did not intend that the constitution require that committee and caucus meetings of legislative bodies be conducted in public. Therefore, we hold that there is no implied right of access to such meetings under the Alaska Constitution.

V.

That part of the superior court's decision which held as nonjusticiable allegations that the Legislators violated the Open Meetings Act or legislative rules is affirmed. That part of the court's decision which held that the public and press have an implied constitutional right of access to meetings of committees of the legislature and caucuses of legislators is reversed.<sup>10</sup> The case is remanded with instructions to dismiss the League's action.

AFFIRMED in part, REVERSED and REMANDED in part.

---

10. Our resolution of the justiciability and implied constitutional right of access issues makes it unnecessary to address the parties' contentions as to legislative immunity (Alaska Const. Article II, section 6).

COMPTON, Justice, dissenting.

In 1972 the Alaska Legislature amended the Open Meetings Act to express that

[i]t is the policy of the state that

(1) the governmental units mentioned in AS 44.62.310(a) exist to aid in the conduct of the people's business;

(2) it is the intent of the law that actions of those units be taken openly and that their deliberations be conducted openly;

(3) the people of this state do not yield their sovereignty to the agencies which serve them;

(4) the people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know;

(5) the people's right to remain informed shall be protected so that they may retain control over the instruments they have created.

AS 44.62.312(a) (emphasis added). It is clear that the Open Meetings Act provides for and protects a public right. The Act creates an obligation on the part of all state governmental bodies to open their meetings to public scrutiny. This court has held that the Act by its own language "plainly includes the state legislature." Malone v. Meekins, 650 P.2d 351, 358 (Alaska 1982). Therefore, the legislature cannot now unilaterally and without public debate abrogate that right.

As the court recognizes, the contours of the doctrine of justiciability are not easily defined. To guide our

deliberations, we have in the past looked to the criteria enunciated by the Supreme Court in Baker v. Carr, 369 U.S. 186, 7 L. Ed. 2d 663 (1962). See Malone v. Meekins, 650 P.2d at 356-57. The relevant Baker criterium discussed by the court today is "a textually demonstrable constitutional commitment of the issue to a coordinate political department . . . ." 396 U.S. at 217, 7 L. Ed. 2d at 686. This court recognizes, and I do not contest, that the Alaska Constitution contains an express textual commitment authorizing the legislature to adopt its own rules of procedure.<sup>1</sup> Yet the issue before the court is the public's statutory right to be informed. Our past cases have not held that resolution of this issue lies outside the province of the judiciary, contrary to the opinion of this court today.

In Malone, this court addressed the justiciability of legislative rules regarding who may call the legislature to order. This court refused to act as a "sort of super parliamentarian." 650 P.2d at 359. We also declined to determine what public notice is "reasonable" under the Open Meetings Act. AS 44.62.310(e). I do not seek to overrule that precedent. If courts were to act as "super parliamentarians,"

---

1. Alaska Const. art. II, § 12. The fact that the legislature has adopted a rule which mirrors the statute should not confuse the issue before the court. Adoption of a rule similar to a statute cannot erode the force of the statute as law. If the legislature wishes to exempt itself from the requirements of the statute it can do so in the act itself.

...thereby denying the legislature reasonable interpretations of its internal rules, the legislature would be hobbled to the point of inactivity. However, the legislature's disregard of a right granted by the Open Meetings Act does not deserve the same deference as its interpretation of a phrase contained in that Act. This is more than a matter of degree. It is a matter of the complete denial of the public's express right to witness important legislative debate. Thus Malone does not control in the current case.

In Abood v. Gorsuch, 703 P.2d 1158 (Alaska 1985) we held non-justiciable the question of whether the President of the Senate could legally preside over a joint session of the legislature in the absence of the Speaker of the House. We agreed with the trial court to defer "to the wisdom of the legislature concerning violations of legislative rules which govern the internal workings of the legislature." 703 P.2d at 1164 (emphasis added). We did, however, under the guise of constitutional interpretation, see fit to decide whether a quorum was present. At issue was whether the quorum must be composed of a majority of each house respectively or, alternatively, whether it need only be a simple majority of the total number of legislators. We held the latter, clearly deciding a procedural issue. Id. at 1162. Our definition of what constituted a "quorum," a parliamentary matter seemingly committed to the rule making authority of the legislature, is distinct from "insur[ing] compliance with the

provisions of the Alaska Constitution." Thus, Abood is inapposite to the current case because it dealt with a dispute solely between members of the legislature over their own rules. What precedential value the case does possess shows that this court will decide certain procedural issues for the legislature and that this court has not been completely deferential in the past.

The court also relies on Moffitt v. Willis, 459 So. 2d 1018 (Fla. 1984). The court argues that "[t]he facts in Moffitt are virtually identical to the facts in this case." This simply is not so. The Moffitt court was faced with interpretation of a broad constitutional free speech clause and specific legislative rules. The court deferred to the legislature's rule making power only after limiting the case by observing:

We are not confronted with whether a statute applies, rather we are asked to allow the courts to determine when and how legislative rules apply to members of the legislature.

Moffitt, 459 So. 2d at 1022. Thus the Moffitt court expressly excluded from its holding the specific issue raised in the case at bar.

Moreover, we have recognized the public nature of the Open Meetings Act. In Alaska Community Colleges' Federation of Teachers v. University of Alaska, 677 P.2d 886, 891 (Alaska 1984) we stated that

[s]ection 312 makes clear that the [Open Meetings Act] exists primarily to advance the interests of "the people of this state." When the sunshine act is breached it is "the

people's right to remain informed" which sustains injury.

The Supreme Court in United States v. Smith, 286 U.S. 6, 33, 76 L. Ed. 954, 959 (1932) held that where the "construction to be given to the rules affects persons other than members of the Senate, the question presented is of necessity a judicial one." Smith, then, is more analogous to the current issue than the other cases cited by this court.<sup>2</sup> Whereas in Malone and Aboud the controversy was between members of the legislature, who were parties to the rule making and enforcement proceedings, in Smith the affected person was other than a member of the [United States] senate and unable to personally participate in rectifying the wrong done him. So it is in the current case. The affected persons are not members of the legislature and in fact their interests are at odds with the legislature. Their only recourse is to the courts which, as Smith suggests, should not decline to decide these disputes.

Finally, it is observed that the doctrine of non-justiciability of issues concerning legislative action "is primarily a function of the separation of powers." Baker v. Carr, 369 U.S. at 210, 7 L. Ed. 2d at 682. But, while the

---

2. The court distinguishes Smith on the ground that in Smith a specific individual was affected whereas in the case at bar it is the right of the public that is affected. The court does not explain the significance of this distinction.

separation of powers theory requires some deference by the judiciary to a coequal branch of government, the theory originated as a system of checks and balances on the power of each branch. The line between when this court should act with deference and when it should check the power of the legislature is not easily drawn. However, "where the rights of persons who are not members of the legislature are involved . . .," Malone, 650 P.2d at 359, this court should be more willing to defend those rights than it shows itself to be today.<sup>3</sup>

---

3. I do not believe that the constitutional issue addressed in Part IV of the court's opinion need be decided. The clear policy mandate of the statute should be dispositive of the issues presented in this case. This approach adheres "to the doctrine of abstaining from answering constitutional questions when other dispositive grounds exist." Deubelbeiss v. C.F.E.C., 689 P.2d 487, 491 (Alaska 1984) (Compton, J., concurring).

# Opinion

**T**he question of the public conduct of the public's business is one of the questions before the Alaska Legislature in its new session. A resolution proposed by Sen. Arliss Sturgulewski and Rep. Kay Brown would put before the state's voters a constitutional amendment to require that all legislative meetings be public except certain exemptions.

The proposal grows out of last year's lawsuit against the Legislature by the League of Women Voters and The Daily News. It transpired that the Legislature never argued about breaking the rules. However, the court ruled that it had no jurisdiction or constitutional basis for requiring the Legislature to follow its own rules.

By  
the  
rules

That decision essentially told the Legislature it could do whatever it pleases, and the public be damned. The proposal by Sturgulewski and Brown, two among a minority of legislators who have actually resisted the Legislature's general secretive inclinations, is an attempt to make the Legislature live by its rules. That's all.

The proposed amendment would leave legislators the same exemptions as the Legislature provided when it adopted the state's Open Meetings Act. It would also allow party caucuses to meet privately "to consider matters of procedure, organization, or strategy."

That's plenty of leeway for any responsible legislator. The public should call on its legislators to support the Sturgulewski-Brown proposal.

Elements of the Alaska Legislature have gone out of their way in recent years to make important budget decisions in secret — in ad hoc sessions, in caucuses, in, well, who knows?

If legislators balk at the Sturgulewski-Brown proposal, they invite a question: Have you stopped doing the public's business in secret? It's a fair question, and it requires the admission they cannot avoid.

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/15/88

FURTHER REFERRALS: Judiciary

DATE: 2-8-88

The State Affairs Committee has considered HJR 44

Proposing an amendment to the Constitution of the State of Alaska relating open meetings.

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

\_\_\_\_\_  
*Curt Mikkelsen*  
 \_\_\_\_\_  
*Clyd Davidson*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
*John Walker No Rec*  
 \_\_\_\_\_  
*Daniel Ouley No Rec*  
 \_\_\_\_\_  
*Terry Marten No Rec*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*John Walker*  
 \_\_\_\_\_  
 Chairman's signature

# **CORRECTION**

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

# Opinion

**T**he question of the public conduct of the public's business is one of the questions before the Alaska Legislature in its new session. A resolution proposed by Sen. Arliss Sturgulewski and Rep. Kay Brown would put before the state's voters a constitutional amendment to require that all legislative meetings be public except certain exemptions.

The proposal grows out of last year's lawsuit against the Legislature by the League of Women Voters and The Daily News. It transpired that the Legislature never argued about breaking the rules. However, the court ruled that it had no jurisdiction or constitutional basis for requiring the Legislature to follow its own rules.

By  
the  
rules

That decision essentially told the Legislature it could do whatever it pleases, and the public be damned. The proposal by Sturgulewski and Brown, two among a minority of legislators who have actually resisted the Legislature's general secretive inclinations, is an attempt to make the Legislature live by its rules. That's all.

The proposed amendment would leave legislators the same exemptions as the Legislature provided when it adopted the state's Open Meetings Act. It would also allow party caucuses to meet privately "to consider matters of procedure, organization, or strategy."

That's plenty of leeway for any responsible legislator. The public should call on its legislators to support the Sturgulewski-Brown proposal.

Elements of the Alaska Legislature have gone out of their way in recent years to make important budget decisions in secret — in ad hoc sessions, in caucuses, in, well, who knows?

If legislators balk at the Sturgulewski-Brown proposal, they invite a question: Have you stopped doing the public's business in secret? It's a fair question, and it requires the admission they cannot avoid.

# MY TURN

*Open Meetings: The need for a constitutional amendment.*

By KAY BROWN and  
ARLISS STURGULEWSKI

When the Alaska Supreme Court issued its opinion on the open meetings lawsuit brought against the Alaska Legislature by the League of Women Voters and two Alaska newspapers, the ruling brought to light a crucial flaw in our state Constitution. The court ruled that it had no jurisdiction in the open meetings dispute and accordingly could not force the legislature to comply with the state Open Meetings Act.

It is now clear that this flaw can only be corrected by an amendment to the state Constitution which expressly protects the public's right to openness in the legislative process.

**No Dispute over Violations:** In the League v. the Alaska Legislature case there was no argument over the charge that the legislature held secret budget meetings during the 1986 session in violation of the Open Meetings Act. Nor was there any argument that these meetings violated the legislature's own Uniform Rule 22, which also requires open meetings of legislative bodies.

Neither of these claims was contested by the lawyers defending the legislature. As noted by the court: "The facts of this case are not in dispute. ... The Legislators do not deny that these meetings occurred, or that they conducted the business and

made the decisions that the League alleges." So, if everyone agrees that the meetings were in violation of the Open Meetings Act and Rule 22, what happened?

**Courts Powerless to Enforce Law:** The Supreme Court based its ruling on interpretations of the state Constitution. Although no one disputed that open meeting violations had occurred, the court ruled that it lacked authority to force the legislature to obey the open meetings law it has enacted. Further, because the Alaska Constitution currently does not expressly provide for open meetings, and because the Constitution gives the legislature the authority to establish its own rules, the Supreme Court determined it could not enforce the Open Meetings Act.

The court did not find the legislature innocent of violating open meeting requirements. Rather, the court decision stated that "because the Constitution commits to the legislature the authority to provide for its own rules of procedure ... we regard the question of whether the legislators have violated the Open Meetings Act or Uniform Rule 22 to be nonjudicial." The court concluded it is not the function of the judicial system to require the legislature to follow its own rules.

The court also addressed the assertion that the public has an "im-

plied" constitutional right of access to the conduct of legislative business. Although it is noteworthy that Supreme Court Justice Compton dissented, and argued forcefully that the court did have jurisdiction in the case, the majority of justices disagreed.

**The Need for an Amendment:** The crucial issue in the open meetings lawsuit concerned the right of the press and the public to know and understand the deliberations of their elected representatives. The need for access to legislative deliberations has never been more critical than at present. Decisions made in Juneau are of vital interest to all Alaskans as the state comes to terms with declining oil revenues.

In response to the Supreme Court's decision, one legislative leader characterized the ruling as giving legislators "a blank check." In essence, the Alaska Supreme Court found that the legislature's conduct is above the law that requires other state and local officials to conduct the public's business in the open. A constitutional amendment requiring open meetings of the legislature is the only way to remedy this deficiency.

**Proposed Constitutional Amendment.** Before the Supreme Court ruling, it had been our belief that the public was entitled to open legislative meetings; we now know that a constitutional amendment is needed. With that goal in mind, we have introduced an identical Joint Resolution in both the House and the Senate that would amend the Alaska Constitution and specifically provide for open meetings by the legislature.

The proposed amendment language is the work product of a number of individuals who began meeting shortly after the Supreme Court issued its ruling, including representatives of the League of Women Voters and several news organizations. In trying to draft suitable language with the help of this ad hoc group, we knew that it was essential to develop both realistic and workable standards. Such standards must fundamentally ensure openness by the legislature but also not prevent the free exchange of ideas among legislators which is essential to a legislator's ability to represent his or her consti-

tuents. At the same time, we felt that the legislature, as the state's only bicameral legislative body, elected along partisan lines, must have the flexibility to exercise that partisanship.

With these standards in mind, our proposed amendment requires that legislative deliberations be open unless, as presently provided by the Open Meetings Act, the body is meeting in a properly convened executive session to consider matters expressly authorized by law. The amendment also states that if a matter is appropriate to a particular body (which includes committees and subcommittees), then "private and substantive deliberation of the matter by a quorum of the legislative body" is prohibited. The proposed amendment recognizes the unique role of legislative caucuses and specifically allows caucuses to meet in private, but only to consider "matters of procedure, organization, or strategy."

We recognize, of course, that our amendment draws a fine line of distinction between a discussion that would be prohibited as "private and substantive" and a discussion that would be permissible as a matter of caucus "strategy." In the final analysis, however, it is our feeling that it will be incumbent upon all legislators to police themselves as a group and for individual members to insist when appropriate, as we have, that the public's right to know must be protected and that the public's substantive business be conducted openly.

Finally, we believe that the proposed amendment provides both a realistic and workable set of standards by which the legislature can conduct legislative business in an open manner while still providing legislators an opportunity to participate in confidential partisan activities. Without a constitutional amendment to provide for the public's right of access, the legislature will continue to be free to meet at will behind closed doors in clear violation of the Open Meetings Act, but beyond the reach of the courts.

Rep. Kay Brown and Sen. Arliss Sturgulewski both represent Anchorage in the Alaska Legislature.

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/15/88

FURTHER REFERRALS: Judiciary

DATE: 2-8-88

The State Affairs Committee has considered HJR 44

Proposing an amendment to the Constitution of the State of Alaska relating open meetings.

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

\_\_\_\_\_  
*Scott M...  
 Cliff Dawkins*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
*John Walker No Rec  
 (K) David Jolley No REC  
 Terry Martin No Rec*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*John Walker*  
 Chairman's signature

**RECEIVED**  
 JAN 26 1988  
 DIRECTOR OF ELECTIONS  
 FISCAL NOTIONS

STATE OF ALASKA  
 1988 LEGISLATIVE SESSION

BILL VERSION: HJR 44  
 PUBLISH DATE: 1/15/88

**REQUEST:**

Revision Date: 1/22/88  
 Title: Constitutional Amendment  
relating to open meetings.  
 Sponsor: BROWN  
 Requestor: State Affairs

Agency Affected: Office of the Governor  
 BRU: Division of Elections  
 Components: II - Primary & General  
Elections

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0	2.2*	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	2.2*	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	0	2.2*	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

\* Costs included cover 2 to 3 additional pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote (cont.)

Prepared by: Linda Edgeworth  
 Division: Elections

Phone: 465-4611  
 Date: 1/22/88

Approved by Commissioner: [Signature]  
 Agency: Office of the Governor, Division of Elections

Date: 1/26/88

**Distribution (by preparer):**

- ✓ Legislative Finance
- ✓ Legislative Sponsor
- ✓ Requestor
- ✓ Office of Management and Budget
- Impacted Agency(ies)

*Maw*

1/26/88

RECEIVED  
JAN 26 1988  
DIRECTOR OF ELECTIONS

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 44

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4

HJR

48

# Alaska State Legislature

## Committees:

Chair-State Affairs  
V. Chair-Judiciary  
Telecommunications  
Special Ethics  
Legislative Council  
Finance Subcommittee  
for the University of Alaska  
Joint Committee  
on Economic Recovery



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

*H. J.*  
*Ulmer*

**REPRESENTATIVE FRAN ULMER**

## M E M O R A N D U M

April 7, 1988

TO: Representative John Sund, Chair  
House Judiciary Committee

FROM: Representative Fran Ulmer

SUBJECT: HJR 48

I respectfully request that you hear HJR 48, "Proposing an amendment to the Constitution of the State of Alaska relating to income from the Permanent Fund." As you know, it was scheduled for hearing by the Committee two weeks ago when you were out of town. Although we did take it up at that time and took testimony from former Governor Hammond, there was no quorum to take action.

I sincerely believe that the House should pass this resolution over to the Senate at the earliest possible date. Thank you.

# Alaska State Legislature

MAR 16 1988

## Committees:

Chair-State Affairs  
V. Chair-Judiciary  
Telecommunications  
Special Ethics  
Legislative Council  
Finance Subcommittee  
for the University of Alaska  
Joint Committee  
on Economic Recovery



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

## REPRESENTATIVE FRAN ULMER

### M E M O R A N D U M

March 15, 1988

TO: Representative John Sund, Chair  
House Judiciary Committee

FROM: Representative Fran Ulmer

SUBJECT: HJR 48, "Proposing an amendment to the Constitution of  
the State of Alaska regarding income from the Permanent  
Fund"

I would very much appreciate your holding a hearing on HJR 48. This resolution was introduced at the request of former Governor Jay Hammond, Dr. George Rogers, Bob Newton and others who are concerned about the use of earnings of the Permanent Fund. This resolution would simply require a vote of the people prior to any authorization for the earnings to be spent. In addition to a copy of the resolution, I have attached a copy of a recent article written by Governor Hammond about a possible amendment to this resolution.

Thank you very much for considering this request for a prompt hearing.

Attachments

Lake Clarke  
Port Alasworth, Alaska 99653  
March 10, 1988

Dr. George W. Rogers  
1790 Evergreen Ave.  
Juneau, Alaska 99801

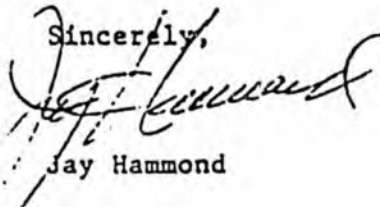
Dear Dr. Rogers:

Congratulations on your fine work in gaining introduction and favorable committee action on the Hammond Amendment. I am more than happy to provide you with this cover letter for releasing the authentic text to the Alaska public and to the news media.

This measure will accord to the Alaska Permanent Fund just exactly the kind of constitutional protection which is needed to prevent the fund's depletion through appropriations for routine government spending.

Wishing you Godspeed in you work down there in Juneau. I will watch with close attention the progress of H.J.R. 48 over the next few weeks. I hope that Alaska public and press will do the same thing.

Sincerely,

  
Jay Hammond

# 'Government gifts' should go before tapping fund



**Jay Hammond**  
bushrat'lings

There is now before the legislature a proposed constitutional amendment to require a public vote before permanent fund earnings could be spent for other than dividends or inflation proofing. Objection comes from legislators concerned that a sudden emergency might pose an insurmountable need to dip into those earnings.

Of course, we're a far cry from insurmountable financial need to start dipping so long as there remain on the books no-mandated government programs which subsidize Alaskans inequitably with no consideration for need. These programs should be first sacrificed before "equitably" penalizing all Alaskans by trimming their pro-

the budget from more appropriate sources probably confront most legislators with insurmountable political obstacles. After all, it's far less painful to offend a mostly oblivious public by tapping their future dividends than it is to face more immediate backhanding at the ballot box by all those extremely attentive special interests which will be outraged should their particular government gift be reduced or charged for.

Accordingly, let's add an emergency clause to that proposed constitutional amendment: "Provided, however, if by 2/3 vote each legislative House and the governor conclude an emergency exists, they may borrow from the

permanent fund's undistributed income account. At the next general election voters would be asked whether they wished to forgive the loan or compel the legislature to pay it back at a rate of interest it would have earned had it remained in the fund."

I've little doubt but that the public would sanction a truly warranted dip into fund earnings. After all, a recent poll alleged that Alaskans may be less concerned about alternative use of fund earnings than once thought. Perhaps. However, before the legislature acts on this presumption it should bear in mind how the polling question was posed. Of course a drowning man is going to

clutch the first straw that floats by, be it ever so flimsy. So let's call out a few of more substance for them to cling to. Let's flesh out that list of budget balancing alternatives to see which one the public deems as most seaworthy.

I'd like to see the public's response to a poll which asked:

List in order of preference what you believe to be the most appropriate means of budget balancing:

- 1) Re-imposition of the income tax.
- 2) Reduction of the state payroll.
- 3) Elimination of non-mandated selective state subsidies not based on need.
- 4) Deferral of the economic

limit factor which otherwise will accord oil companies roughly \$150,000,000 a year in tax breaks.

5) Reduction of future dividends through expenditure of permanent fund earnings.

I placed use of fund earnings at the bottom where I think it belongs. These should be tapped only after all other sources have been exhausted. While many Alaskans may not agree with that ranking, I'll bet you next year's dividend check that very few would place my No. 5 at the top of their list.

Jay Hammond was governor of Alaska from 1974 to 1982.

spective dividends through trapping current fund earnings. Similarly, so long as there remains off the books a state income tax or other more appropriate revenue "enhancements," it is premature to use those earnings. Unfortunately, however, actions required to balance

## Poll: More Alaskans eye permanent fund for aid

By SUE CROSS

THE ASSOCIATED PRESS

Alaskans appear more willing than ever before to spend the Alaska Permanent Fund, probably because so many of them are in financial trouble, says Anchorage pollster David Dittman.

In a \$20,000 survey of Railbelt area residents, paid for by the Alaska Senate, Dittman found almost two-thirds of the respondents support spending the excess earnings of the permanent fund.

And if the economy declines further, 43 percent said, it would be OK to spend the principal of the \$9 billion oil-money savings account.

"This is the first time in anything we've done that people were willing to use it," Dittman said.

"For a long time, if you said permanent fund, it didn't matter if you said 'earnings' or 'principal,' it was followed by 'No,'" he said.

Dittman presented his findings Friday to the Senate Finance Committee.

Committee Co-chairman Rick Halford, R-Chugiak, said he was surprised by the change in attitude toward the permanent fund, but believes the responses might have differed if the question was expanded.

The poll-takers asked people if the earnings left over after permanent fund dividends and inflation proofing are paid should be used to "help pay for programs to help the economy." Sixty-four percent said "yes;" 32 percent said "no."

The excess earnings reserve held \$558 million as of Dec. 31.

Halford, a vocal opponent of any plan to tap the Permanent Fund, said more people would have disapproved of the idea had they been told use of the excess earnings could eventually slow the growth of the fund and decrease the size of their dividends.

Dittman said he did not believe the answers would have changed.

The telephone survey was answered by 1,002 people in 27 Railbelt communities, from Valdez and Cordova in the south to Fairbanks and its surrounding communities on the north end. The margin of error for the poll was estimated at 1 percent to 3 percent.

Senate President Jan Falka, R-Anchorage, said she commissioned the poll because she wanted a data base for use in judging economic development proposals.

She did not request a statewide survey, she said, be-

cause at the time she did not realize the seriousness of economic problems in other parts of Alaska. If legislators outside the Railbelt want their areas polled, the questions could be included in later statewide surveys by Dittman, she said.

Falka said the biggest surprise in the poll was Alaskans' assessment of the economy.

Almost one in four Railbelt residents said they are seriously considering leaving Alaska because of economic problems, and 19 percent said they are "very likely" or "quite likely" to leave the state within the next two years.

More than half the people polled said their families had suffered wage cuts, reduced work hours or job losses in the past two years.

"The situation is worse than I thought it is," Falka said.

Who do Alaskans blame? A third of the respondents say government or some part of it; the Legislature, politicians in general, federal officials, local officials, former Gov. Bill Sheffield and Gov. Steve Cowper.

Oil companies and oil-producing countries were next on the list.

When asked how they goofed, Alaskans said government spent too much money and on the wrong things. The second most popular response was that those who were to blame had "let oil prices go down."

At the same time, many respondents said government should help improve the economy by spending more money on various programs.

Among their top suggestions for legislative action were passing the strongest possible law to enforce local hire and lowering home mortgage rates.

Respondents also generally liked Cowper's proposals for an education endowment and a science foundation, though they were not asked how the state should find money to establish those or other programs included in the questions.

Falka said senators will consider the poll results when deciding what type of economic aid programs to fund.

House Speaker Ben Grussendorf, D-Sitka, said representatives also will study the poll and are especially interested in questions regarding the permanent fund.

But Grussendorf said he will withhold judgment on the specifics of the survey until he can read it in more detail and determine whether the answers were influenced by how the questions were asked.

# OPINION

WEDNESDAY, JANUARY 12, 1965

Member  
of the  
Associated  
Press

# THE DAILY SENTINEL



Wednesday, February 24, 1965

Vol. 54, No. 3

ALASKA

## JUNEAU EMPIRE

WILLIAM E. MOORE III  
Editor

JOYLEY A. WILSON  
Business Manager

J. T. SHAFER  
Circulation Manager

THOMAS HENNINGSEN  
Production Manager

ED BOWLER  
Advertising Manager

BERRY WERNERMAN PAUL  
Printing

BOYNA CALVERT  
City Editor

Page 2, Daily Sitka Sentinel, Sitka, Alaska, Wednesday, February 24, 1965

## Letters to the Editor

### Income Reserves

Dear Editor: Just as soon as it hit the newsstands in Juneau, I read the Feb. 3 story concerning the income reserves of the Alaska Permanent Fund. House Speaker Ben Grusendorf and Sen. Rick Halford have correctly questioned the validity of the findings reported by the Dittman Poll on their recent railbelt area economic survey on how this money ought to be spent. It is singularly fortunate that these two legislators have spoken up so promptly.

There is no "excess" income reserve account in the Alaska Permanent Fund. There never has been. There is an income reserve account and, to the best of my knowledge, that account has been in existence for a number of years. Toward the middle of December I reviewed a forecast predicting that the total in this account would exceed \$500 million by year end. The Associated Press figure of \$556 million as of Dec. 31 quoted in your story must be correct.

There is nothing that is "excess" about this money. All, or most of it, is needed right where it is now and for the indefinite future to guarantee the financial stability of the fund as a viable economic enterprise. If it is taken away suddenly, the effects of inflation will commence to deplete the fund and to lower the amount paid to Alaska residents in annual dividends. Shortly the Alaska Permanent Fund will cease to be what it now is — one of the most successful public investment trust funds in the world.

Political manipulation of this reserve account cannot reasonably be

expected to do much of anything to alleviate the current Alaska economic recession which is directly traceable to the end of the petroleum boom. That boom is over with and gone. The pinch hurts and it is going to continue to hurt in many places for some time. Sudden palliatives of a political window dressing nature are not going to change this. Tampering with the nest egg, however, can do untold harm to one of the forces for economic stability in this state — the Alaska Permanent Fund.

If it should prove to be true that some of the money in the income reserve account actually is in excess of fund needs, it can easily be paid out in increased dividends to eligible Alaskans, since there is so much justice, equity and effectiveness in the existing dividend program. We do not need any economic wizards to tell us what to do with a little surplus, particularly when the economically disadvantaged are feeling the worst of the pinch.

I certainly hope that their constituents in their home districts appreciate the job which Rep. Grusendorf and Sen. Halford are doing for them in Juneau and for the Alaska public. I am sending copies of this letter to them and to the Anchorage and Sitka newspapers with an expression of my own appreciation.

Robert E. Newton  
Juneau

vanced the cause of affording constitutional protection to the earnings of the Alaska Permanent Fund past a major milestone.

Since the work on this proposal commenced in mid-July, Dr. George W. Rogers and I have frequently been cautioned, and sometimes even taunted, that our work on the Hammond Amendment was doomed to failure. Why? Mainly because of the simple honesty in the proposal. No member of the legislature would even introduce it, we were told. Jay Hammond's figure is zero with regard to the percentage of the earnings of the fund which will be available to the governor and to the legislature for unrestricted appropriation. Along with Hammond, Dr. Rogers, I and many others too are strongly persuaded that this is the heart of the proposal. The zero figure is, indeed, its most non-negotiable feature.

It is a sad commentary on our political system that an honest, reasonable proposal such as the Hammond Amendment could die for lack of introduction before the legislature. But we are safely past that barrier now. Our Juneau representatives are entitled to a vote of thanks for the service they have performed for us and for the entire Alaska public.

Sincerely,  
Robert E. Newton  
Juneau

### Hammond Amendment receives a boost

Dear Editor:

Last Dec. 14, at the beginning of the Christmas holiday season, on her own and Rep. Bill Hudson's behalf, Rep. Fran Ulmer initiated the request for the introduction of the Hammond Amendment in the state legislature. By taking this step our Juneau representatives have ad-

April 20, 1988

✓ Chairperson and Members of the Senate State Affairs Committee

101 Chairperson and Members of the House <sup>Jud.</sup> State Affairs Committee

C/O Pouch V  
Juneau, Ak.

Subject: SJR-25 and HJR-48

Dear Chairperson and Committee Members,

We wish to express our support for the concepts contained in these proposals.

After much thought, we have reached the conclusion that the text in HJR-48 would more easily be understood by the voters.

The Permanent Fund and the dividend program is the one and only program which benefits each Alaskan fairly and equally without regard to social class, economic status or place of residency.

As the oil based economy declines, PF dividends will play an ever increasing roll in placing a solid economic foundation under the entire state.

For these reasons, we wish to urge placing a constitutional amendment on the ballot which guarantees that we continue using PF earnings in two ways which have for the last 10 years benefited everyone.

I wish to thank all who have worked to draft SJR-25 and HJR-48. Your efforts gratefully acknowledged!

Sincerely yours

*Jim Weidner*

Jim Weidner, President of the  
Association to Protect the Permanent  
Fund

5479 C. H. S. R.  
Fairbanks, Ak. 99712  
488-6366

P.S. In our opinion protection of the dividend program and the Permanent Fund is quite probably the one and only thing any legislator will ever do which effects each and everyone of their constitutes.

JAY S. HAMMOND  
PORT ALSWORTH, ALASKA 99653

April 18, 1988

Dear Robert:

I've been locked here by weather for the past several days. Just got your letter of the 9th with the suggested video script.

I had thought I'd be back in Anchorage by now but sickness in the family plus bad weather & other personal considerations make it highly unlikely I will be able to do so for at least several more days.

I fear by the time I could get a tape to you the session may well be over. If it appears I can do it on a timely basis I certainly will try.

Thanks for your monumental & continuing efforts.

Best,



JUNEAU

7450416884090 25 0900 1 130 00-01

PT ALLSWORTH 255N1A

5861792

AA

09001 ML TOA JUNEAU AK 255 04-16 100A ADT

FMS MAIL DON'T PHONE

GOVERNOR JAY HAMMOND (RET)

LAKE CLARKE

PORT ALLSWORTH AK 99653

ALL SYSTEMS ARE GO ON THE HAMMOND AMENDMENT. EXPRESSING CONCERN HOWEVER RELATIVE TO TIME FACTOR. MUST ESCHER ALL ML JOBS WHICH TRY THE PATIENCE OF FRIENDS WHO ARE GIVING THEIR BEST COOPERATION DURING FINAL CLOSING WEEKS OF SESSION. INSUFFICIENT CONVICTION AMONG THEM AT PRESENT THAT WE CAN ACTUALLY CARRY THE DAY.

NO COMMUNICATION RECEIVED YET IN REP. ULMER'S OFFICE SIGNIFYING YOUR APPROVAL OF REVISED TEXT INCORPORATING EMERGENCY LOAN PROVISIONS. IF YOU HAVE RECEIVED IT, REVIEWED IT, AND APPROVE IT, CAN YOU PHONE HER OFFICE IMMEDIATELY. THIS WILL GIVE HER THE REASSURANCE WHICH SHE REQUIRES TO PROCEED IN HOUSE JUDICIARY. SEN. HALFORD SEEMS READY TO GO IN SENATE STATE AFFAIRS NEXT WED. BUT WE NEED WORD FROM YOU TO GET AN AUTHENTIC REVISED TEXT BEFORE THAT BODY. HE NEEDS YOUR SUPPORT AS MUCH AS FRAN. WITH IT, BOTH OF THEM CAN ACT DECISIVELY. CANNOT RELEASE TEXT TO STATE-WIDE MEDIA MYSELF WITHOUT RENEWED AUTHORIZATION. MORALLY CERTAIN THAT I

PAGE 2

HAVE IT BUT THAT DOES NOT QUITE FILL THE TICKET. WILL GET ANOTHER COPY TO YOU BY EXPRESS MAIL AND NECESSARY DOCUMENTATION FOR SIGNATURE.

TAKE A LOOK AT FRIDAY APRIL 22 AND 29. COULD YOU BE IN JUNEAU ON EITHER DATE IN THE FOYER OF STATE OFFICE BUILDING TO SING ALASKA FLAG SONG AT REGULARLY SCHEDULED NOON HOUR KIMBALL ORGAN CONCERT. MEDIA COULD BE THERE ON 8 HOUR NOTICE. SPONSORS AND CO-SPONSORS COULD JOIN YOU. JUST A THOUGHT BUT WILL ADVISE ALL PARTIES AND GOV. COWPER IF YOU LIKE IT.

ROBERT E NEWTON

907-586-1792

520 3RD ST

JUNEAU AK 99801

Inte Rep. John Sund  
(Vist John Hailke) RZ  
4/4/88

274

Memorandum, Dr. Newton/Reps. Ulmer and Hudson, 4/4/88

Subject: Suggested sponsor substitute for Hammond Amendment (H.J.R. 48)

1. During his recent four day visit to Juneau, Gov. Jay Hammond (ret.) publicly repeated his statement originally recorded in the March 6, 1988 issue of the Anchorage Daily News to the effect that there should be emergency loan provisions in the Hammond Amendment. The Juneau statement was made during the course of Hammond's March 25 KJUD press luncheon at the Hotel Baranof.

2. On March 15, I prepared a suggested draft revision and also incorporated that draft in a suggested judiciary committee substitute for H.J.R. 48 to effect Hammond's statement calling for a revision. At the time there was some prospect that the committee would be prepared to take up the resolution for final action on Friday, March 25. As events developed a committee quorum was not present on that date. Also Dr. George W. Rogers had not yet countersigned the revision and it had not yet been passed on to Jay Hammond for his approval. During the course of Hammond's short visit the opportunity did not arise for the three of us to get together and to contact the House sponsors with regard to the revision.

3. Given the ancillary nature of the task of drafting these provisions and incorporating them into the authentic text of the Hammond Amendment, I am now suggesting that we proceed by means of a sponsor substitute rather than a committee substitute. If Rep. Ulmer, in her capacity as a member and vice-chairman should chose to make the motion for a committee substitute, I do not see any objection, and I do see the lively possibility that that course of action might serve to expedite the work of the House Judiciary Committee.

4. I am urging Rep. Ulmer to insist upon a formal proceeding, however brief and perfunctory, in committee to accomplish this if she, the committee chairman and the serior minority committee member should concur in this. I am making this suggestion in all frankness solely for the purpose of avoiding the possibility that the authentic text might be marked-up in some wholesale manner which would diminish or seriously modify its original intent and purpose.

5. I am completely willing myself and do sincerely invite any suggestions or comments from any source as to how the newly proposed subsection "(e)" might be improved upon either substantively or technically. I have no authorization from Jay Hammond to concur in any modification of the preceding authentic text which he approved many months ago.

Introduced: 1/22/88  
Referred: State Affairs  
Judiciary and Finance

Sponsor Substitute  
H.J.R. 48

IN THE HOUSE

BY ULMER AND HUDSON  
BY REQUEST

HOUSE JOINT RESOLUTION NO. 48

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitu-  
tion of the State of Alaska relating to  
income from the permanent fund.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA

\*Section 1. Article IX, sec. 15, Constitution of the State of Alaska  
is amended to read:

SECTION 15. ALASKA PERMANENT FUND. (a) At least twenty-five  
percent 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. 2. Article IX, sec. 15, Constitution of the State of Alaska is  
amended by adding new subsections to read:

(b) Income from the permanent fund shall be used to provide for  
the payment of annual dividends to residents of the state, to offset  
the effects of inflation on the principal, and to provide for the  
operating costs of the fund and dividend program.

(c) Income from the permanent fund may be used to increase the

principal and to appropriate for any extraordinary public expenses which may from time to time arise.

(d) Notwithstanding Section 14 of Article II and Section I of Article II, an appropriation under (c) of this section for any extraordinary public expense shall be placed on the ballot by the lieutenant governor for the next general or special election and may not take effect unless approved by a majority vote. Unless otherwise provided in law, the appropriation becomes effective thirty days after certification of the election returns by the lieutenant governor.

(e) In the event of a state emergency of any nature the legislature may borrow from the permanent fund income in the absence of other available funds in the general fund. No loan appropriation may be enacted except by a two-thirds vote of both houses of the legislature. Any loan appropriated under this subsection shall remain indefinitely as an outstanding obligation against the general fund pending repayment with interest. No loan may be forgiven except by a majority vote of the people taken in a general election or special election in a manner provided for by law.

JUNEAU

58605108840802FNR080025015000

PORTALSWOR781 245N1 A

586-1792

LISTED TO DICK BENEDICT

AA

08002 NL TDA JUNEAU ALASKA 245 05-10 155P ADT

PMS

GOV. JAY HAMMOND (RET.)

(MAIL ONLY)

LAKE CLARKE

PORT ALSWORTH, AK 99653

*Intro* *John* *HARTLE*  
*Sincerely*  
*All your appreciation*  
*Good luck when you go*  
*to school.*  
*Bob*  
*5/10/88*

AT THIS TRANSMISSION BOTH GAVELS HAVE BEEN RAPPED. SINE DIE. PROGRESS EXCELLENT ON HAMMOND AMENDMENT. NO EXPENDITURES FROM INCOME RESERVES OF ALASKA PERMANENT FUND. NO SERIOUS INTENT ON PART OF ANYONE TO EMBARK UPON ANY. LIVELY PRACTICAL AWARENESS AND MUCH FREE CONSENT FOR YOUR SIMPLE, HONEST COURSE OF MODERATION. LITTLE ENMITY ENGENDERED EXCEPT AMONG THE MORE OPPORTUNISTIC ELEMENTS IN THE LOBBY. EVEN THEIR ENTHUSIASM WANING FOR ARTIFICIAL RESURRECTION OF BONANZA ERA BY MANIPULATING THE FUND RESERVES. TIME NOT SUFFICIENT FOR SEN. HALFORD TO DO MUCH OF ANYTHING IN SENATE. COULD NOT GET THE BALL OVER TO HIM. ONE RESULT THERE IS CONCLUSIVE. 40-30-30 OR ANY SIMILAR FORMULA APPROACH TO DIVIDE FUND INCOME WITH PERPETUAL PERCENTAGES IN STATE CONSTITUTION NOT LIKELY TO BE ENETERTAINED SERIOUSLY IN FUTURE. ABLY ASSISTED BY REP. ROBIN TAYLOR IN CLOSING THE ISSUE OUT FOR EXPIRING SESSION IN AN APPROPRIATE MANNER. REP. JOHN SUND'S BLUFF HAD TO BE CALLED FOR THE RECORD. HAVE NEVER BEFORE EXPERIENCED THIS KIND OF TECHNOCRATIC PERSONAL ARROGANCE. HOUSE SPEAKER HIS OWN CAUCUS AND MAJORITY PARTY STAFF COMPLETELY BUFFALOED ON HAMMOND AMENDMENT FROM STANDPOINT OF ORGANIZATIONAL PROCEDURE ONLY. VETERAN DEMOCRATIC RETIREE MIKE MILLER SPOKE WITH HIM EARLY IN THE SESSION. MIKE'S COUNSEL AT SESSION END PROMTED MY COURSE OF ACTION. YOUR QUARTERBACK DOWN HERE IN JUNEAU COULD NOT HAVE PICKED A BETTER KICKER FOR THIS PLAY THAN REP. TAYLOR. BIPARTISAN COOPERATION WILL CONTINUE. SESSION HAS BEEN ENTIRELY PRODUCTIVE.

ROBERT E NEWTON  
 520 THIRD STREET  
 JUNEAU ALASKA 99801  
 PHONE 907-586-1792

*Info Rep Sund  
v/n John Huelle*

*RJ*

*5/2/88*

ALASCOM Nightletter, Dr. Robert E. Newton/Gov. Jay Hammond (ret.) 5/1/83

GOV. JAY HAMMOND (ret.)  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

ACKNOWLEDGING WITH GRATITUDE AND HUMILITY RECEIPT OF YOUR WRITTEN APPROVAL OF FINAL AUTHORIZED TEXT OF HAMMOND AMENDMENT. EMERGENCY LOAN CLAUSE GRANTING LIMITED ADDITIONAL POWERS TO THE LEGISLATURE POSED MORE TECHNICAL PROBLEMS THAN UNDERSIGNED INITIALLY ANTICIPATED WHEN YOU ISSUED YOUR MARCH 6 STATEMENT CALLING FOR THEIR INCLUSION IN THE STATE CONSTITUTION. REP. ULMER AND LEGISLATIVE STAFF HAVE GENEROUSLY ASSISTED IN RESOLVING THESE PROBLEMS.

LAST MINUTE INTERVENTION OF THE PETROLEUM INDUSTRY TO DEFEAT HAMMOND AMENDMENT SHOWED UP IN MY MAIL BOX LAST THURS., APR. 28. THEIR LETTER AND MY REPLY WINGING ITS WAY NORTHWARD TO YOU NOW VIA PRIORITY MAIL. HAD TO CHOOSE MY WORDS CAREFULLY REGARDING SLEAZE POLITICS. SINCERELY TRUST THAT NO INNOCENT PARTY HAS BEEN OFFENDED.

AT THIS TRANSMISSION ENCOUNTERING MORE PROBLEMS IN HOUSE MAJORITY CAUCUS THAN IN SENATE. VENERABLE SENATE JUDICIARY CHAIRMAN LIKELY TO GAVEL AMENDMENT THROUGH TO FINANCE AND RULES AS SOON AS SENATE SPONSORS ASK HIM TO. WILL REQUEST HOUSE SPEAKER TO TAPER DOWN HIS GALLANT EXCHANGES WITH MADAM PRESIDENT OF THE OTHER CHAMBER CONCERNING THE BANEFUL EFFECTS OF THE PETROLEUM INDUSTRY IN ALASKA AND TO WOODSHED SOME OF HIS OWN KEY HOUSE COMMITTEE CHAIRMEN. SLEAZE FACTOR PERVASIVE IN BOTH PARTIES. HOUSE DEMOCRATS NOT ENTITLED TO ANY SPECIAL ABSOLUTION. SINCERELY HOPE THAT I CAN REPORT SOME PROGRESS IN HOUSE JUDICIARY COMMITTEE WITHIN THE NEXT DAY OR TWO. SHARING THIS COMMUNICATION WITH CHAIRMAN JOHN SUND (D - KETCHIKAN), OTHER KEY CHAIRMEN AND ALL SPONSORS AND CO-SPONSORS.

ROBERT E. NEWTON, 520 THIRD ST., JUNEAU, ALASKA 99801 (907) 586-1792

THE HARRISON AMENDMENT

Authorized Revision

Authenticate:

*[Signature]*  
Dr. Newton  
4/29/88

Proposing an amendment to the Constitu-  
tion of the State of Alaska relating to  
income from the permanent fund.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA

\*Section 1. Article IX, sec. 15, Constitution of the State of Alaska  
is amended to read:

SECTION 15. ALASKA PERMANENT FUND. (a) At least twenty-five  
percent 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. 2. Article IX, sec. 15, Constitution of the State of Alaska is  
amended by adding new subsections to read:

(b) Income from the permanent fund shall be used to provided for  
the payment of annual dividends to residents of the state, to offset  
the effects of inflation on the principal, and to provide for the  
operating costs of the fund and dividend program.

(c) Income from the permanent fund may be used to increase the

principal and to appropriate for any extraordinary public expenses  
which may from time to time arise.

(d) Notwithstanding Section 14 of Article II and Section I of  
Article II, an appropriation under (c) of this section for any  
extraordinary public expense shall be placed on the ballot by the  
lieutenant governor for the next general or special election and may  
not take effect unless approved by a majority vote. Unless otherwise  
provided in law, the appropriation becomes effective thirty days  
after certification of the election returns by the lieutenant governor.

(e) Upon approval of two-thirds of the members of each house of  
the legislature, a loan appropriation may be made from the income of the  
permanent fund to meet a state emergency if sufficient funds are not available  
in the general fund for that purpose. Notwithstanding Section 14 of Article  
II and Section I of Article IX, the legislature may direct the lieutenant  
governor to place on the ballot for a subsequent general or special  
election the question whether a loan appropriated under this section  
should not be repaid to the permanent fund. Unless no repayment is  
approved by majority vote, the amount of any loan appropriated under this  
section together with interest in an amount established by law shall be  
appropriated to the permanent fund in repayment and, upon receipt, shall be  
treated as income from the permanent fund.

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

Port Alsworth, Alaska 99653  
April 20, 1988

APR 27 1988

Representative John Sund  
Juneau, Alaska

Dear John:

I am advised your Judiciary committee has in its possession the resolution proposing a Constitutional amendment which would require a vote of the people before earnings of the Permanent fund could be used for other than inflation proofing and dividends.

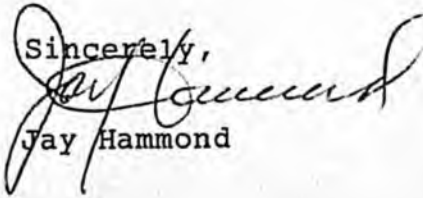
Many have expressed concern about locking into the Constitution an absolute prohibition against more timely alternate use of those funds should emergency circumstances warrant. I share those concerns. Accordingly, I have proposed an amendment which upon a 2/3 vote of each body would permit the legislature to "borrow" from the earnings reserve. At the next general election the public would then get to vote on whether to forgive the loan or require repayment. Most with whom I have discussed this modification advise that it totally alleviated their concerns.

Why a Constitutional amendment? For the same reason I vetoed the first statutorily constructed Permanent Fund. In my view, which I am certain is shared by the majority of Alaskans, something a bit more than a simple majority of the legislature should be required before the fund is invaded. I believe the same should be true of the fund's earnings. The only way this can be assured is to structure such a provision into the Constitution.

Virtually every gubernatorial candidate last election, as well as many legislators, publicly stated they would demand public approval before using fund earnings. Therefore the proposed Constitutional amendment would require nothing other than that to which many have already committed and to which the public has been conditioned to expect. Actually, with the emergency provision amendment I have suggested it is more flexible than that to which the above have already subscribed.

If there is one issue upon which I find almost total accord among Alaskans with whom I have talked it is to require that they be consulted before the legislature taps those fund earnings. I most ardently urge you to permit Alaskans to at least have the opportunity to express themselves on this matter by placing the proposed Constitutional amendment before them this fall. If I am wrong, it will be rejected. However, if I am correct in my assessment of the prevalent public attitude, it will pass overwhelmingly. Please grant us both the chance to find out.

Sincerely,

  
Jay Hammond

PORTALSWOR781131 D1A

586-1792

AA

*Info Rep. Send (via John Hullett)*

*Confirmation copy  
HSS - delivered  
Fri. or Sat.*

09001 NL TDA JUNEAU ALASKA 131 04-21 0135A ADT

FMS

GOV JAY HAMMOND (RET) MAIL DONT FONE

LAKE CLARKE

PORT ALSWORTH AK 99653

SEN RICK HALFORD CARRIED THE CAUSE PAST ANOTHER MILESTONE WEDNESDAY APRIL 20. HIS RESOLUTION, SJR25, CLEARED SENATE STATE AFFAIRS AND WENT TO JUDICIARY. FINAL REVISED DRAFT OF HAMMOND AMENDMENT INCORPORATING EMERGENCY LOAN PROVISIONS WAS NOT AVAILABLE TO HIM. HAD PREVIOUSLY INFORMED HIS OFFICE THAT IT MIGHT NOT BE COMPLETED AT SCHEDULED HOUR FOR HEARING AND ADVISED IN THAT EVENT THE ADVANCEMENT OF SJR25. REP ULMER AND HER STAFF WERE STILL CLEARING EMERGENCY LOAN CLAUS WITH LEGISLATIVE LEGAL SERVICES. THAT AGENCY HAS NOW PROVIDED ESSENTIAL TECHNICAL REVIEW NEEDED FOR FINALIZING OF AUTHENTIC TEXT. MINOR CORRECTIONS PROVIDED TO UNDERSIGNED BY REP ULMER'S STAFF LATE THIS AFTERNOON. NEW DRAFT WILL BE MAILED TO YOU WITHIN 24 HOURS OF THIS TRANSMISSION. WILL KEEP YOU POSTED ON EVENTS.

ROBERT E NEWTON

520 THIRD ST

JUNEAU AK 99801

907/586-1792

*Ms T. Cook & Jody Krist will get the  
finishes touches on subsection 12. The  
minor and technical problems*

Indo Rep Sund  
(via John HARTLE)  
RR  
4/19/88

520 3rd St.  
Juneau, Alaska 99801  
April 13, 1988

Hon. Rick Halford  
State Senator  
State Capital  
Juneau, Alaska 99811

Dear Sen. Halford:

This letter is a personal communication to you with regard to the proposal, widely known now, as the Hammond Amendment. For purposes of brevity and clarity please allow me to write further in numbered paragraph form.

1. The Hammond Amendment became an authentic text with the introduction of H.J.R. 48 in the opening days of the current session. March 10, 1988 Jay Hammond signed a cover letter to assist in the promulgation of the proposal throughout the state.

2. Previously on March 6, however, Hammond also issued a public statement giving his reasons why emergency loan provisions should be included in the amendment. As soon as I received word of this statement and had actually read it--this occurred after his media cover letter was delivered to me--I immediately drafted a new subsection and incorporated it into a draft for a new text.

3. Hammond himself, Dr. George W. Rogers and the sponsors on H.J.R. 48 (Reps. Ulmer and Hudson) received copies of this draft immediately. The latest word on its status which I have received is that Rep. Ulmer will propose it as a committee substitute in House Judiciary Committee. Subsequent to its initial distribution I also provided you and your Senate co-sponsors on S.J.R. 25 with copies of the revision.

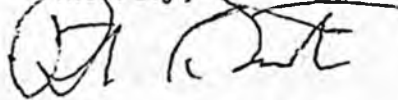
4. Even though the new subsection "e" of the revised text is a simple, clearly worded, separable addition to the original text, I have observed the same formalities in drafting it which I followed several months back when the original text was drafted. Jay Hammond should have received the revised text a week ago--if he is home at Lake Clarke to open mail--and we do expect to received his written approval of the revision at an early date here in Juneau. (More than likely he will write or telephone to Rep. Ulmer's office.)

5. While some appearances may be to the contrary, there actually is no good reason to regard the Hammond Amendment as the exclusive property of the House or of its co-sponsors in that body. If you and your Senate co-sponsors on S.J.R. 25 should choose to introduce it in the Senate as a sponsor substitute to S.J.R. 25 or as a committee substitute in Senate State Affairs

Ltr., Dr. Newton/Sen. Halford, 4/13/88, p. 2

Committee, I do not know how anyone could reasonably object to that. At this writing it does look to me as though House passage will precede Senate passage on the Hammond Amendment. But that might not necessarily be true, and I am pleased and happy to assure you that I will extend my cooperation if you want to get the ball rolling right away in the Senate.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. E. Newton", written over a horizontal line.

Robert E. Newton

cc: Gov. Hammond (ret.)  
Dr. Rogers  
House Sponsors - H.J.R. 48  
Senate Sponsors - S.J.R. 25

THE HAMMOND AMENDMENT

Alaska Statewide Media-Watch Data Sheet

Robert F. Martin  
520 3rd St.  
Juneau, AK 99801  
(907) 586-1792

March 10, 1988 Gov. Jay Hammond (rec.) signed a media cover letter to assist in the statewide distribution of the authentic text (H.J.R. 48) of the Hammond Amendment. This is a resolution pending before the current session of the Alaska state legislature in Juneau. It has been written and introduced to extend constitutional protection to the earnings reserves (i.e. annual income on the invested principal) of the Alaska Permanent Fund.

Friday, March 25 Jay Hammond personally came down to Juneau as the guest of TV Station KJUD. That station held at 12:00 noon press luncheon for him at the Hotel Baranof. At 1:30 p.m. Hammond testified before the House Judiciary Committee explaining to legislators why the Hammond Amendment should be adopted this year and submitted to the Alaska public for a vote next November.

At both the press luncheon and the legislative hearing Hammond expressed his serious concern (on camera on both occasions) that the Hammond Amendment might be bottled up in committee by a strategically placed vote or two. This subterfuge would prevent a majority of the members of both houses from passing the resolution on to the public for a vote at the polls

The purpose of this statewide media data sheet is to provide the Alaska media and the public with the information necessary to "track" the Hammond Amendment through the legislative process over the next few weeks until early May adjournment. THE INFORMATION ON THIS SHEET WILL ALLOW ANY INTERESTED PARTY THE OPPORTUNITY TO DETERMINE THE STATUS OF THE HAMMOND AMENDMENT ON ANY GIVEN DAY BY PLACING A LOCAL PHONE CALL.

*Info John Hartle*  
*manus*  
*① All (both houses) received their copies today.*  
*② All Alaska media will have this by the end of next week.*  
*R 3/30/88*

HOUSE  
STANDING COMMITTEES

SENATE  
STANDING COMMITTEES

**JUDICIARY**  
Room 120, Capitol 465-4990

Ch: John Sund  
V.Ch: Fran Ulmer  
Sam Cotten  
Max F. Gruenberg, Jr.  
Mike Navarre

Ramona L. Barnes  
Robin L. Taylor

**STATE AFFAIRS**  
Room 423, Capitol 465-4522  
Meets in Beltz Room, 211 Capitol

Ch: Mitch Abood  
V.Ch: Rick Uehling  
Willie Hensley  
Joe P. Josephson  
Ken Fanning

**FINANCE**  
Room 519, Capitol 465-3706

Ch: Albert P. Adams  
V.Ch: Pat Pourchot  
Ronald L. (Ron) Larson  
Mike Davis  
Peter Goll  
F. Kay Wallis  
C.E. Swackhammer

Kay Brown  
Mark Boyer  
Steve Frank  
Steve Rieger

**JUDICIARY**  
431 N. Franklin Street 465-3717  
Meets in Butrovich Room, 205 Capitol

Ch: Jalmar M. Kerttula  
V.Ch: Arliss Sturgulewski  
Joe P. Josephson  
Jan Falks  
Patrick Rodey

**RULES**  
Room 204, Capitol 465-3764

Ch: Mike Navarre  
V.Ch: Lyman F. Hoffman  
Ben Grussendorf  
Max F. Gruenberg, Jr.  
H.A. (Red) Boucher

Terry Martin  
Fritz Pettyjohn

**FINANCE**  
Room 516/518 Capitol 465-4985/3753  
Senate Finance Room, 5th Floor, Capitol

Co-Ch: John Binkley  
Rick Halford  
Paul A. Fischer  
Rick Uehling  
Jim Duncan  
Fred F. Zharoff  
Willie Hensley

**RULES**  
Room 417, Capitol 465-3770  
Meets in Beltz Room, 211 Capitol

Ch: Richard I. (Dick) Ellason  
V.Ch: Willie Hensley  
Jan Falks  
John Binkley  
Lloyd Jones

①  
↓  
②  
↓  
③

④  
↓  
⑤  
↓  
⑥  
↓  
⑦

**REPRESENTATIVES**  
Juneau Office Locations, Phones

Room	Phone	
507 C	3706	Adams, Albert P. (D) Kotzebue
602 CT	3438	Barnes, Ramona (R) Anchorage
421 C	4931	Boucher, H.A. (Rad) (D) Anchorage
517 C	3486	Boyer, Mark (D) Fairbanks
515 C	3764	Brown, Kay (D) Anchorage
15 C	4858	Cato, Bette (D) Valdez
607 CT	2628	Collins, Virginia M. (R) Anchorage
110 C	3711	Cotten, Sam (D) Eagle River
114 C	2487	Davidson, Cliff (D) Kodiak
411 C	4930	Davis, Mike (D) Fairbanks
13 C	3892	Donley, Dave (D) Anchorage
128 C	3704	Ellis, Johnny (D) Anchorage
503 C	3709	Frank, Steve (R) Fairbanks
611 CT	4894	Furnace, Wall (R) Anchorage
513 C	4925	Goll, Peter (D) Haines
216 C	3718	Gruenberg, Max F., Jr. (D) Anchorage
208 C	3720	Gruensendorf, Ben (D) Sitka
608 CT	4939	Hanley, Alyce (R) Anchorage
106 C	4942	Herrmann, Adelheid (D) Naknek
112 C	4453	Hoffman, Lyman (D) Bethel
603 CT	3744	Hudson, Bill (R) Juneau
104 C	4992	Kaponen, Nillo (D) Fairbanks
500 C	3727	Larson, Ronald L. (Ron) (D) Palmer
600 CT	3762	Martin, Terry (R) Anchorage
606 CT	2679	Menard, Curt (R) Wasilla
405 C	4976	Miller, Mike (R) North Pole
204 C	3764	Navarre, Mike (D) Kenai
612 CT	2678	Pearce, Drua (R) Anchorage
24 C	4937	Pettyjohn, Fritz (R) Anchorage
514 CT	4949	Phillips, Randy (R) Eagle River
511 C	3879	Pourchol, Pat (D) Anchorage
409 C	2995	Rieger, Steve (R) Anchorage
415 C	4940	Shultz, Richard (R) Tok
601 CT	3789	Springer, Helarich (Henry) (D) Nome
122 C	4990	Sund, John (D) Ketchikan
521 C	2689	Swackhammer, C.E. (D) Soldotna
604 CT	3873	Taylor, Robln L. (R) Wrangell
102 C	4947	Ulmer, Fran (D) Juneau
501 C	3732	Wallis, F. Kay (D) Fort Yukon
609 CT	2719	Zawacki, Jim (R) Girdwood

C-Capitol  
CT-Court Building

**LEGISLATIVE  
INFORMATION  
OFFICES**

<b>ANCHORAGE INFORMATION OFFICE</b>		
3111 C Street, Suite 150, Anchorage 99503	561-7007	
	Teleconference	561-1199
<b>*BARROW INFORMATION OFFICE</b>		
P.O. Box 830, Barrow 99723	852-7111	
Christian Education Building		
<b>BETHEL INFORMATION OFFICE</b>		
P.O. Box 886, Bethel 99559	543-3541	
Kuskokwim Inn Annex		
<b>*DELTA JUNCTION INFORMATION OFFICE</b>		
P.O. Box 1189, Delta Junction 99737	895-4236	
Mt. Hayes Commercial Complex		
<b>DILLINGHAM INFORMATION OFFICE</b>		
P.O. Box 829, Dillingham 99576	842-5319	
Kangikutaq Office Building		
<b>FAIRBANKS INFORMATION OFFICE</b>		
119 N. Cushman Street, Suite 101, Fairbanks 99701	452-4448	
<b>*GLENNALLEN INFORMATION OFFICE</b>		
P.O. Box 68, Glennallen 99558	822-5588	
Community Library		
<b>JUNEAU INFORMATION OFFICE</b>		
P.O. Box Y, Juneau 99811-3101	465-4648	
Room 210, Simpson Building 224 Seward Street		
<b>KENAI PENINSULA INFORMATION OFFICE</b>		
312 Tyea Street, Suite 3, Soldotna 99869	262-9364	
<b>KETCHIKAN INFORMATION OFFICE</b>		
352 Front Street, Ketchikan 99901	225-9675	
<b>KODIAK INFORMATION OFFICE</b>		
720 Mill Bay Road, Room 231, Kodiak 99615	486-8116	
<b>KOTZEBUE INFORMATION OFFICE</b>		
P.O. Box 667, Kotzebue 99752	442-3680	
Eskimo Building, 333 Front Street		

**SENATORS**  
Juneau Office Locations, Phones

Room	Phone	
423 C	4522	Abood, Mitch (R) Anchorage
518 C	4985	Binkley, John (R) Bethel
30 C	4745	Coghlin, John B. (Jack) (R) Nenana
119 C	4768	Duncan, Jim (D) Juneau
417 C	4918	Ellason, Richard I. (Dick) (R) Sitka
125 C	3834	Fahrenkamp, Betty M. (D) Fairbanks
107 C	4523	Felke, Jan (R) Anchorage
510 C	3880	Fanning, Ken (R) Fairbanks
508 C	3791	Fischer, Paul A. (R) Soldotna
516 C	2137	Halford, Rich (R) Chugiak
103 C	3862	Hensley, Willie (D) Kotzebue
9 C	3743	Jones, Lloyd (R) Ketchikan
113 C	4525	Josephson, Joe P. (D) Anchorage
101 C	3844	Kelly, Tim (R) Anchorage
	3771	Kertula, Jalmar M. (D) Palmer
504 C	3793	Roday, Patrick (D) Anchorage
425 C	3818	Sturgulewski, Artias (R) Anchorage
11 C	4978	Szymanski, Mike (D) Anchorage
514 C	4821	Uehling, Rick (R) Anchorage
121 C	3473	Zheroff, Fred F. (D) Kodiak

C - Capitol  
\* - 431 N. Franklin

**TO CONTACT YOUR LEGISLATOR**

**DURING SESSION**

address all legislator and committee mail to:

Name  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, Alaska 99811

**IN THE INTERIM**

see individual legislator listings, page 3 through 17,  
for home addresses and phone numbers.

**MATANUSKA—SUSITNA INFORMATION OFFICE**  
165 E. Parks Highway, Wasilla 99687-1470 576-3704  
Wasilla Village Center

**NOME INFORMATION OFFICE**  
P.O. Box 1630, Nome 99762 443-5555  
State Building, 2nd Floor, Front Street

**\*PETERSBURG INFORMATION OFFICE**  
P.O. Box 1470, Petersburg 99833 772-3741  
101 G Joe Street

**SITKA INFORMATION OFFICE**  
210 Lake Street, Sitka 99835 747-6276

**\*VALDEZ INFORMATION OFFICE**  
P.O. Box 1969, Valdez 99686 835-2111  
Room 59, State Court and Office Building

Please contact the Legislative Information Office for a list of Volunteer  
Teleconference sites.

\*Session Only

Take Rep. Sund (with Jha Hurtle)  
JCS 3/29/88

NIGHTLETTER, Dr. George W. Rogers/Gov. Jay Hammond (ret.), 3/27/88

GOV. JAY HAMMOND (ret.)  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

EXTENDING HEARTFELT THANKS FOR YOUR MARCH 25 JUNEAU VISIT. TIMING  
COULD NOT HAVE BEEN BETTER. STATEWIDE MEDIA-WATCH WILL BE USED TO AVOID  
HAMMOND AMENDMENT BEING BOTTLED-UP IN COMMITTEE. YIELDING TO POLITICAL  
EXIGENCY THAT ACADEMIC DISCUSSION IN WORKSHOP CONTEXT SHOULD BE POSTPONED  
UNTIL FINAL PASSAGE BY BOTH HOUSES. PROSPECT OF HOLDING WORKSHOP EARLIER  
COULD BECOME AN INSTRUMENT OF DELAYING STRATEGY RESULTING IN MORE HARM THAN  
GOOD. PETROLEUM INDUSTRY'S POSITION ON OUR EFFORTS IS CLEAR ALREADY. NOT  
LIKELY TO BE CHANGED BY ACADEMIC DEBATE.

WE MUST EXTEND EVERY CONSIDERATION TO GOVERNOR AND LEGISLATIVE FINANCE  
LEADERSHIP TO AVOID BUDGET CRISIS OR APPEARANCE OF SUCH. THEY DO NOT NEED  
PERMANENT FUND RESERVES TO BALANCE BUDGET. BUT WE HAVE A RESPONSIBILITY TO  
ACT WITH FIRMNESS AND DISPATCH TO WITHDRAW THE TEMPTATION FROM THEM. SHARING  
THIS COMMUNICATION WITH HOUSE SPONSORS AND DR. NEWTON. ANCILLARY ISSUE OF  
EMERGENCY LOAN PROVISIONS IN THEIR HANDS NOW. WILL BE AVAILABLE FOR TESTIMONY  
BEFORE FINANCE COMMITTEES WHEN SCHEDULED. PHONE IF THERE ARE ANY QUESTIONS.

GEORGE W. ROGERS  
1790 EVERGREEN AVE.  
JUNEAU, ALASKA 99801  
(907) 586-1202

*Info Rep. Sund  
R. J. Ham  
3/17/88*

Lake Clarke  
Port Alasworth, Alaska 99653  
March 10, 1988

Dr. George W. Rogers  
1790 Evergreen Ave.  
Juneau, Alaska 99801

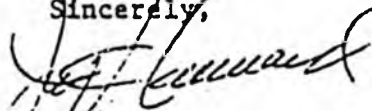
Dear Dr. Rogers:

Congratulations on your fine work in gaining introduction and favorable committee action on the Hammond Amendment. I am more than happy to provide you with this cover letter for releasing the authentic text to the Alaska public and to the news media.

This measure will accord to the Alaska Permanent Fund just exactly the kind of constitutional protection which is needed to prevent the fund's depletion through appropriations for routine government spending.

Wishing you Godspeed in you work down there in Juneau. I will watch with close attention the progress of H.J.R. 48 over the next few weeks. I hope that Alaska public and press will do the same thing.

Sincerely,



Jay Hammond

# 'Government gifts' should go before tapping fund



**Jay Hammond**  
bushrat/lings

There is now before the legislature a proposed constitutional amendment to require a public vote before permanent fund earnings could be spent for other than dividends or inflation proofing. Objection comes from legislators concerned that a sudden emergency might pose an insurmountable need to dip into those earnings.

Of course, we're a far cry from insurmountable financial need to start fund dipping so long as there remain on the books non-mandated government programs which subsidize Alaskans inequitably with no consideration for need. These programs should be first sacrificed before "equitably" penalizing all Alaskans by trimming their pro-

spective dividends through trapping current fund earnings. Similarly, so long as there remains off the books a state income tax or other more appropriate revenue "enhancements," it is premature to use those earnings.

Unfortunately, however, actions required to balance

the budget from more appropriate sources probably confront most legislators with insurmountable political obstacles. After all, it's far less painful to offend a mostly oblivious public by tapping their future dividends than it is to face more immediate backhanding at the ballot box by all those extremely attentive special interests which will be outraged should their particular government gift be reduced or charged for.

Accordingly, let's add an emergency clause to that proposed constitutional amendment: "Provided, however, if by 2/3 vote each legislative House and the governor conclude an emergency exists, they may borrow from the

permanent fund's undistributed income account. At the next general election voters would be asked whether they wished to forgive the loan or compel the legislature to pay it back at a rate of interest it would have earned had it remained in the fund."

I've little doubt but that the public would sanction a truly warranted dip into fund earnings. After all, a recent poll alleged that Alaskans may be less concerned about alternative use of fund earnings than once thought. Perhaps. However, before the legislature acts on this presumption it should bear in mind how the polling question was posed. Of course a drowning man is going to

clutch the first straw that floats by, be it ever so flimsy. So let's sail out a few of more substance for them to cling to. Let's flesh out that list of budget balancing alternatives to see which one the public deems as most seaworthy.

I'd like to see the public's response to a poll which asked:

List in order of preference what you believe to be the most appropriate means of budget balancing:

- 1) Re-negotiation of the income tax.
- 2) Reduction of the state payroll.
- 3) Elimination of non-mandated selective state subsidies not based on need.
- 4) Deferral of the economic

limit factor which otherwise will accord oil companies roughly \$150,000,000 a year in tax breaks.

5) Reduction of future dividends through expenditure of permanent fund earnings.

I placed use of fund earnings at the bottom where I think it belongs. These should be tapped only after all other sources have been exhausted. While many Alaskans may not agree with that ranking, I'll bet you next year's dividend check that very few would place my No. 5 at the top of their list.

□ Jay Hammond was governor of Alaska from 1974 to 1982.

# Poll: More Alaskans eye permanent fund for aid

By SUE CROSS

THE ASSOCIATED PRESS

Alaskans appear more willing than ever before to spend the Alaska Permanent Fund, probably because so many of them are in financial trouble, says Anchorage pollster David Dittman.

In a \$20,000 survey of Railbelt area residents, paid for by the Alaska Senate, Dittman found almost two-thirds of the respondents support spending the excess earnings of the permanent fund.

And if the economy declines further, 43 percent said, it would be OK to spend the principal of the \$9 billion oil-money savings account.

"This is the first time in anything we've done that people were willing to use it," Dittman said.

"For a long time, if you said permanent fund, it didn't matter if you said 'earnings' or 'principal,' it was followed by 'No,'" he said.

Dittman presented his findings Friday to the Senate Finance Committee.

Committee Co-chairman Rick Halford, R-Chugiak, said he was surprised by the change in attitude toward the permanent fund, but believes the responses might have differed if the question was expanded.

The poll-takers asked people if the earnings left over after permanent fund dividends and inflation proofing are paid should be used to "help pay for programs to help the economy." Sixty-four percent said "yes;" 32 percent said "no."

The excess earnings reserve held \$558 million as of Dec. 31.

Halford, a vocal opponent of any plan to tap the Permanent Fund, said more people would have disapproved of the idea had they been told use of the excess earnings could eventually slow the growth of the fund and decrease the size of their dividends.

Dittman said he did not believe the answers would have changed.

The telephone survey was answered by 1,002 people in 27 Railbelt communities, from Valdez and Cordova in the south to Fairbanks and its surrounding communities on the north end. The margin of error for the poll was estimated at 1 percent to 3 percent.

Senate President Jan Falks, R-Anchorage, said she commissioned the poll because she wanted a data base for use in judging economic development proposals.

She did not request a statewide survey, she said, be-

cause at the time she did not realize the seriousness of economic problems in other parts of Alaska. If legislators outside the Railbelt want their areas polled, the questions could be included in later statewide surveys by Dittman, she said.

Falks said the biggest surprise in the poll was Alaskans' assessment of the economy.

Almost one in four Railbelt residents said they are seriously considering leaving Alaska because of economic problems, and 19 percent said they are "very likely" or "quite likely" to leave the state within the next two years.

More than half the people polled said their families had suffered wage cuts, reduced work hours or job losses in the past two years.

"The situation is worse than I thought it is," Falks said.

Who do Alaskans blame? A third of the respondents say government or some part of it: the Legislature, politicians in general, federal officials, local officials, former Gov. Bill Sheffield and Gov. Steve Cowper.

Oil companies and oil-producing countries were next on the list.

When asked how they goofed, Alaskans said government spent too much money and on the wrong things. The second most popular response was that those who were to blame had "let oil prices go down."

At the same time, many respondents said government should help improve the economy by spending more money on various programs.

Among their top suggestions for legislative action were passing the strongest possible law to enforce local hire and lowering home mortgage rates.

Respondents also generally liked Cowper's proposals for an education endowment and a science foundation, though they were not asked how the state should find money to establish those or other programs included in the questions.

Falks said senators will consider the poll results when deciding what type of economic aid programs to fund.

House Speaker Ben Grussendorf, D-Sitka, said representatives also will study the poll and are especially interested in questions regarding the permanent fund.

But Grussendorf said he will withhold judgment on the specifics of the survey until he can read it in more detail and determine whether the answers were influenced by how the questions were asked.

# OPINION

WEDNESDAY, JANUARY 12, 1962

Member  
of the  
Associated  
Press

# THE DAILY SENTINEL



Wednesday, February 22, 1962

Vol. 50, No. 3

## JUNEAU EMPIRE

WILLIAM E. MOORE III  
Editor

JEFFREY A. WILSON  
Managing Editor

W. T. BLANCHARD  
Circulation Editor

THOMAS WELSHMIRE  
Production Manager

EDITH WILSON  
Business Manager

BONNY BECKHAM FARR  
Advertising Manager

BOBBA GALTOW  
Sales Manager

Page 2, Daily Sitka Sentinel, Sitka, Alaska, Wednesday, February 22, 1962

## Letters to the Editor

### Income Reserves

Dear Editor: Just as soon as it hit the newsstands in Juneau, I read the Feb. 3 story concerning the income reserves of the Alaska Permanent Fund. House Speaker Ben Grussendorf and Sen. Rick Halford have correctly questioned the validity of the findings reported by the Dittman Poll on their recent railbelt area economic survey on how this money ought to be spent. It is singularly fortunate that these two legislators have spoken up so promptly.

There is no "excess" income reserve account in the Alaska Permanent Fund. There never has been. There is an income reserve account and, to the best of my knowledge, that account has been in existence for a number of years. Toward the middle of December I reviewed a forecast predicting that the total in this account would exceed \$500 million by year end. The Associated Press figure of \$556 million as of Dec. 31 quoted in your story must be correct.

There is nothing that is "excess" about this money. All, or most of it, is needed right where it is now and for the indefinite future to guarantee the financial stability of the fund as a viable economic enterprise. If it is taken away suddenly, the effects of inflation will commence to deplete the fund and to lower the amount paid to Alaska residents in annual dividends. Shortly the Alaska Permanent Fund will cease to be what it now is — one of the most successful public investment trust funds in the world.

Political manipulation of this reserve account cannot reasonably be

expected to do much of anything to alleviate the current Alaska economic recession which is directly traceable to the end of the petroleum boom. That boom is over with and gone. The pinch hurts and it is going to continue to hurt in many places for some time. Sudden palliatives of a political window dressing nature are not going to change this. Tampering with the nest egg, however, can do untold harm to one of the forces for economic stability in this state — the Alaska Permanent Fund.

If it should prove to be true that some of the money in the income reserve account actually is in excess of fund needs, it can easily be paid out in increased dividends to eligible Alaskans, since there is so much justice, equity and effectiveness in the existing dividend program. We do not need any economic wizards to tell us what to do with a little surplus, particularly when the economically disadvantaged are feeling the worst of the pinch.

I certainly hope that their constituents in their home districts appreciate the job which Rep. Grussendorf and Sen. Halford are doing for them in Juneau and for the Alaska public. I am sending copies of this letter to them and to the Anchorage and Sitka newspapers with an expression of my own appreciation.

Robert E. Newton  
Juneau

vanced the cause of affording constitutional protection to the earnings of the Alaska Permanent Fund past a major milestone.

Since the work on this proposal commenced in mid-July, Dr. George W. Rogers and I have frequently been cautioned, and sometimes even taunted, that our work on the Hammond Amendment was doomed to failure. Why? Mainly because of the simple honesty in the proposal. No member of the legislature would even introduce it, we were told. Jay Hammond's figure is zero with regard to the percentage of the earnings of the fund which will be available to the governor and to the legislature for unrestricted appropriation. Along with Hammond, Dr. Rogers, I and many others too are strongly persuaded that this is the heart of the proposal. The zero figure is, indeed, its most non-negotiable feature.

It is a sad commentary on our political system that an honest, reasonable proposal such as the Hammond Amendment could die for lack of introduction before the legislature. But we are safely past that barrier now. Our Juneau representatives are entitled to a vote of thanks for the service they have performed for us and for the entire Alaska public.

Sincerely,  
Robert E. Newton  
Juneau

### Hammond Amendment receives a boost

Dear Editor:

Last Dec. 14, at the beginning of the Christmas holiday season, on her own and Rep. Bill Hudson's behalf, Rep. Fran Ulmer initiated the request for the introduction of the Hammond Amendment in the state legislature. By taking this step our Juneau representatives have ad-



## MY TURN

### The Hammond Amendment

By ROBERT E. NEWTON

November 2, 1976, marked a redletter day for the Alaska public. Authorized by a popular vote taken in a state general election, the Alaska Permanent Fund was formally chartered on that date in the state constitution. This investment fund was created to hold a minimum of 25 percent of the state's royalty income from the petroleum industry in a public trust for all state residents. All told this investment has included approximately 10 percent of total state revenue since 1976. In addition to the constitutionally mandated contributions, extra deposits, approximately doubling the size of the fund, have been made at the option of various governors and state legislatures. The size of the fund today reflects a continuous, lively sense of responsibility on the part of elected state officials to cooperate with the spirit as well as the letter of the state constitution.

The original permanent fund amendment was designed to counter the tide of excessive state spending which had already commenced in 1969 when the state received \$900 million as a result of the initial state lease purchases by the petroleum companies before the pipeline was constructed and oil production began. A consensus gradually developed during the construction years (1969-1978) to the effect that abuses in state spending would unavoidably and markedly accelerate after petroleum production did begin. It was also known that over a relatively brief period (five to seven years) of bonanza-level production the volume of oil produced would commence to seriously decline. Proportionately state revenue receipts would also decline. The permanent fund was designed to provide one sure way to safely retain a portion of the short-term wealth from the years of peak production for future generations of Alaskans. Over the years since the permanent fund was chartered more than \$7 billion has been deposited into its principal. At the present time it is one of the largest trust funds in the world. It is the corporate property of the people of Alaska.

Jay Hammond was Alaska's governor (1974-1982) when the original permanent fund amendment was framed and adopted. Safeguarding and shepherding the public's petroleum heritage represents the finest achievement of his career in Alaska public life. Not his idea alone, Hammond placed a high priority on the fund's speedy adoption in the early years of his first term. As governor he consistently supported permanent fund deposits in excess of the minimum which is mandated by the state constitution. In his retirement years since 1982, Hammond has returned

frequently to the limelight in order to foster and to protect the fund, and to focus public attention on issues affecting it. Several recent proposals — all of them perfectly legal and constitutional — to divert permanent fund income toward defraying routine, recurring state governmental expenditures have not escaped Hammond's attention. He has responded with a proposal for additional constitutional safeguards to protect the income as well as the principal of the permanent fund. Hammond's original concern when he was governor, and that of others who assisted him, was directed toward setting the money aside, protecting the principal with ironclad prohibitions against spending it for any purpose, and providing for its prudent investment in order to bring about a maximum return of interest income. The achievement of this goal has far exceeded the best hopes and expectations of many of the fund's early advocates.

Sound management and regular annual increases to the permanent fund's principal have produced the result of the fund's income averaging over \$500 million during the past five years. The continuation of current policies will likely, if not certainly, guarantee further increases in the future. Do we need, therefore, to concern ourselves at the present time with questions as to how the permanent fund income should be spent? The Hammond Amendment answers this question with a resounding "yes!" The bonanza petroleum revenue years are over. Moderate, declining production, and new fields which might — or might not — guarantee sustained, moderate production for the decades ahead can now be anticipated. The public and its elected policy-makers should understand that adjusting state spending to this post-boom circumstance is now the issue confronting Alaskans. The bonanza years cannot be recaptured by manipulating the income account of the permanent fund. The Hammond Amendment calls public attention back to its original purpose.

The Hammond Amendment provides a constitutional mandate to the governor and to the state legislature to regularly use permanent fund income for three purposes only. They must, first of all, pay annual dividends from the fund income to Alaska residents. This means all permanent state residents will continue to enjoy and to participate on an equal basis in a share of the income produced by their money. The dividend program, modest in its original conception and kept that way over the years since it was inaugurated, is not a governmental "give away" program. It represents an honest acknowledgement of the existence of

the rights of the people who actually own the permanent fund. It also serves as a stern reminder of this fact and a tacit restraint upon anyone who might be tempted to contest these rights.

Second, the Hammond Amendment directs the governor and the state legislature to use fund income to safeguard the fund from the adverse effects of inflation. Always a potential danger to any invested resource, inflation can, and regularly does, affect diversified investment funds in many adverse ways. Unavoidable and unpredictable, inflationary problems present themselves on a daily basis. Managers of trust funds respond to inflationary problems by holding a portion of their undistributed income in constant reserve where it is ready to offset inflationary losses when and where they occur. This promptly restores the total of the principal each time inflation depletes it in any manner.

The third constitutional mandate in the Hammond Amendment requires the governor and the state legislature to defray all operating costs of the fund from fund income. These costs include the salaries of the permanent fund's trustees, professional staff and their employees, their rent and facilities maintenance, travel, and professional services necessary to carry on the fund's operations. Amounting to little more than mandated housekeeping instructions, this clause formally separates permanent fund administration from other state administration, prevents the intermingling of fund income with other state income, and effectively requires all fund operations to be self-supporting.

The Hammond Amendment allows the governor and the state legis-

lature two options in the use of permanent fund income. It reserves the judgment to them as to when sufficient income surpluses have accrued to warrant transfers to the principal of the fund. With this provision surpluses can readily be transferred to principal as often as they accumulate.

A second optional spending clause in the Hammond Amendment allows the governor and the state legislature to appropriate from fund income "for any extraordinary public expenses which may from time to time arise." Such appropriations, however, "must be approved by a majority of the voters of the state in a general or special election." This clause can be invoked at any time. It imposes no cumbersome procedures on the governor and the state legislature. It acknowledges the lively possibility that permanent fund income could be needed at any time for many different purposes. But it gives the Alaska public the last word in approving any such expenditures. It ensures that the money will always be available as a genuine emergency fund or as a source of public support for any bona fide need which would actually gain the approval of the voters. It effectively prohibits erosive depletion of fund income through resorts to the whole range of subterfuges — unlimited in their number and kind — for the unaccountable spending of public money.

Dr. Robert E. Newton is a publicist on legal and state governmental issues. A Phi Beta Kappa laureate from Iowa University (1958), he served in the legislature of that state in 1969-70. He earned a Ph.D. in political science from the Catholic University of America in 1965 and has resided in Juneau for the past 17 years.

Introduced: 1/2./68  
Referred: State Affairs,  
Judiciary and Finance

S-1519A

1 IN THE HOUSE  
2  
3 HOUSE JOINT RESOLUTION NO. 48  
4 IN THE LEGISLATURE OF THE STATE OF ALASKA  
5 FIFTEENTH LEGISLATURE - SECOND SESSION  
6 Proposing an amendment to the Constitu-  
7 tion of the State of Alaska relating to  
8 income from the permanent fund.  
9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. Article IX, sec. 15, Constitution of the State of Alaska  
11 is amended to read:  
12 SECTION 15. ALASKA PERMANENT FUND. (a) At least twenty-five  
13 percent of all mineral lease rentals, royalties, royalty sale  
14 proceeds, federal mineral revenue sharing payments and bonuses  
15 received by the State shall be placed in a permanent fund, the  
16 principal of which shall be used only for those income-producing  
17 investments specifically designated by law as eligible for permanent  
18 fund investments. [ALL INCOME FROM THE PERMANENT FUND SHALL BE  
19 DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW.]  
20 \* Sec. 2. Article IX, sec. 15, Constitution of the State of Alaska is  
21 amended by adding new subsections to read:  
22 (b) Income from the permanent fund shall be used to provide for  
23 the payment of annual dividends to residents of the state, to offset  
24 the effects of inflation on the principal, and to provide for the  
25 operating costs of the fund and dividend program.  
26 (c) Income from the permanent fund may be used to increase the  
27 principal and to appropriate for any extraordinary public expenses  
28 which may from time-to-time arise.  
29 (d) Notwithstanding Section 14 of Article II and Section 1 of  
Article XI, an appropriation under (c) of this section for any

1 extraordinary public expense shall be placed on the ballot by the  
2 lieutenant governor for the next general or special election and may  
3 not take effect unless approved by a majority vote. Unless otherwise  
4 provided in the law, the appropriation becomes effective thirty days  
5 after certification of the election returns by the lieutenant gover-  
6 nor.  
7 \* Sec. 3. The amendments proposed by this resolution shall be placed  
8 before the voters of the state at the next general election in conformity  
9 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
10 tion laws of the state.

Info Rep. Sund  
(via John Harbelle)

DRG  
3/21/88

NIGHT LETTER, Dr. George W. Rogers/Gov. Jay Hammond (ret.), 3/14/88

GOV. JAY HAMMOND (ret.)  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

YOUR MARCH 10 MEDIA COVER LETTER ARRIVED JUNEAU LATE LAST WEEK. WISH TO  
ACKNOWLEDGE WITH APPRECIATION.

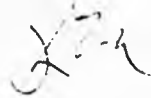
HAVE REVIEWED YOUR MARCH 6 STATEMENT ON EMERGENCY LOAN PROVISIONS. CONCUR  
IN ADVISABILITY AND NECESSITY. WHILE NEED TO PREVENT OPPORTUNISTIC  
EXPENDITURES FROM ALASKA PERMANENT FUND EARNINGS RESERVES PRESENTS SOLE  
IMMEDIATE PROBLEM EVERY CONSIDERATION MUST ALSO BE GIVEN TO FUTURE NEEDS. WE  
ARE ATTEMPTING TO AMEND THE ALASKA STATE CONSTITUTION FOR YEARS TO COME. POTENTIAL  
REVENUES AND FUND BALANCES ARE STILL ABUNDANT TO MEET EMERGENCIES. BUT FIVE  
YEARS FROM NOW SITUATION COULD BE ENTIRELY DIFFERENT. SINCE SHORT ADDITION TO  
HAMMOND AMENDMENT WILL SUFFICE FOR EMERGENCY LOAN PROVISIONS STRONGLY URGE THAT  
THEY BE INCLUDED NOW.

REQUESTING DR. NEWTON TO PREPARE REVISION FOR YOUR REVIEW AND MINE BEFORE HE  
ATTENDS HOUSE JUDICIARY COMMITTEE HEARINGS IN NEAR FUTURE. NEWTON NOW REGISTERED  
AS VOLUNTEER LOBBYIST. HE IS IN REGULAR EFFECTIVE COMMUNICATION WITH HOUSE  
JUDICIARY CHAIRMAN AND SENIOR MINORITY MEMBER. WE WILL AWAIT YOUR CONCURRENCE  
BEFORE COMMITTEE ACTION ON H.J.R. 48. MOTION FOR FORMAL INCORPORATION SHOULD BE  
MADE AT OPEN HEARING WHERE THERE IS PRESS SCRUTINY. NECESSITY FOR PRECAUTION  
IN THIS MATTER TO PREVENT WHOLESALE COMMITTEE MARKUP OF ENTIRE TEXT. WILL  
CONTACT YOU AGAIN IN NEAR FUTURE. PHONE IF THERE ARE ANY QUESTIONS.

GEORGE W. ROGERS  
1790 EVERGREEN AVE.  
JUNEAU, ALASKA 99801  
(907) 586-1202

Proposed emergency loan provisions for incorporation in H.J.R. 48, The Hammond Amendment.

DRAFT



Dr. Newton  
3/15/83

Sec. 3. In the event of a state emergency of any nature the legislature may borrow from the permanent fund income in the absence of other available funds in the general fund. No loan appropriation may be enacted except by a two-thirds vote of both houses of the legislature. Any loan appropriated under this section shall remain indefinitely as an outstanding obligation against the general fund pending repayment with interest. No loan may be forgiven except by a majority vote of the people taken in a general or special election in a manner provided for by law.

CONCURRENCE:

George W. Rogers

\_\_\_\_\_ (Date)

APPROVAL:

Jay Hammond

\_\_\_\_\_ (Date)

3/21/88 update for  
relative session R 89

MEMORANDUM, Dr. Newton/Reps. Fran Ulmer and Bill Hudson, 1/13/87

SUBJECT: Transmittal of Hammond Amendment Drafting File

1. The attached file is being provided to your offices as a courtesy to better explain to each of you and to your staffs how the Hammond Amendment was written and circulated around the state. At the time (November 11, 1987) Dr. George W. Rogers transmitted this file via certified mail to Jay Hammond he also deposited the master copy in the Alaska State Historical Library. Key legislative leaders, including the Speaker of the House and the Senate President received copies. Governor Cowper was provided with a copy. A copy was placed on file with the Legislative Affairs Library. Several press copies also went out. Postage and printing costs prohibited our providing every member of the legislature with a copy of the entire file.

2. Most of the information in this file is self-explanatory, and the information included clearly explains why neither Dr. Rogers nor I have any authority to negotiate with anyone regarding the substantive content of the Hammond Amendment. That was all settled last August 27, 1987 when Dr. Rogers signed the final draft and forwarded it to Jay Hammond. Hammond's written authorization was executed four days previously on August 23, 1987. ~~Dr. Rogers and I did not ask for a blank check to represent ourselves as Jay Hammond's perpetual spokesmen, and no such authorization has ever been given to either one of us.~~

3. Dr. Roger's request for constituent courtesy introduction of the Hammond Amendment was made to each of you relative to that authentic text which Dr. Rogers signed on August 27, 1987, and to which Jay Hammond authorized the use of his name. That text has been provided to each of you.

4. Please allow me to call your attention to Hammond's public recognition of the work of our Juneau group (Anchorage Daily News, December 13, 1987). May I also suggest that each of you and your office staffs exercise every precaution in entertaining anyone's suggestions as to how the authentic text of the Hammond Amendment might be altered or modified prior to introduction in either house of the state legislature? Thank you for your courtesy.

cc: Gov. Hammond (ret.)  
Dr. Rogers

Introduced: 1/22/88  
Referred: State Affairs,  
Judiciary and Finance

*Suggested Committee Substitute*

IN THE HOUSE

BY ULMER AND HUDSON  
BY REQUEST

*RLH  
3/21/88*

HOUSE JOINT RESOLUTION NO. 48

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitu-  
tion of the State of Alaska relating to  
income from the permanent fund.

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

\*Section 1. Article IX, sec. 15, Constitution of the State of Alaska  
is amended to read:

SECTION 15. ALASKA PERMANENT FUND. (a) At least twenty-five  
percent 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. 2. Article IX, sec. 15, Constitution of the State of Alaska is  
amended by adding new subsections to read:

(b) Income from the permanent fund shall be used to provide for  
the payment of annual dividends to residents of the state, to offset  
the effects of inflation on the principal, and to provide for the  
operating costs of the fund and dividend program.

(c) Income from the permanent fund may be used to increase the  
principal and to appropriate for any extraordinary public expenses  
which may from time to time arise.

(d) Notwithstanding Section 14 of Article II and Section 1 of  
Article II, an appropriation under (c) of this section for any  
extraordinary public expense shall be placed on the ballot by the  
lieutenant governor for the next general or special election and may  
not take effect unless approved by a majority vote. Unless otherwise  
provided in the law, the appropriation becomes effective thirty days  
after certification of the election returns by the lieutenant governor.

\*Sec. 3 Article IX, sec. 15, Constitution of the State of Alaska is amended  
by adding a new section to read:

Section 2. In the event of a state emergency of any nature the  
legislature may borrow from the permanent fund income in the absence of  
other available funds in the general fund. No loan appropriation may be  
enacted except by a two-thirds vote of both houses of the legislature.  
Any loan appropriated under this section shall remain indefinitely as an  
outstanding obligation against the general fund pending repayment with  
interest. No loan may be forgiven except by a majority vote of the people  
taken in a general election or special election in a manner provided for by law.

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

Info Rep. Seal  
(with John Hartle)  
DEC 4/21/88  
BH

Informal Note, Bob Newton/Judy Knight, 4/21/88

1. Here is at least half an apology to you and T. Cook for my impatience. It's far for the best that you took a second look at the new subsection "e" on the Hammond Amendment. I made this clear to Hammond himself in the telegram which I sent last night.
2. The legislature cannot borrow from the general fund or any other statutory fund over which their residual sovereignty is unrestricted by the state or federal constitutions. This is true because their power to appropriate from such funds is plenary and because no legislature can bind a future legislature to pay back a loan which they, in effect, have made to themselves.
3. This is no minor point in American law. In our state capitals it has to ~~be~~ taught and retaught on a regular basis to legislative staffers, bureaucrats, and new members themselves. It is simple and it is unequivocal and there is no political route around it.
4. The Hammond Amendment takes the Income Reserve Account out of the state general fund. Therefore it no longer is one of those statutory accounts over which the residual sovereign powers of the legislature are plenary. Therefore, a clause in the state constitution conferring borrowing authority over the account on the legislature is not a legal anomaly (contradiction) as it would be ~~if~~ the constitution conferred the same power over a statutory account.
5. Please feel free to circulate this note around if it would help matters out. Just as a common courtesy I am sharing it with John Hartle and Ms. Cook.
6. I am attaching a rewrite. If you like it go ahead with it. If you think there is still a finishing touch or two in order please proceed with that.

REDRAFT

202

Dr. Newton

4/21/88

Hammond Amendment (HJR 48), redraft of emergency loan provisions

"(e) Upon approval of two-thirds of the members of each house of the legislature, a loan appropriation may be made from the income of the permanent fund to meet a state emergency if sufficient funds are not available in the general fund for that purpose. Notwithstanding Section 14 of Article II and Section 1 of Article IX, the legislature may direct the lieutenant governor to place on the ballot for a subsequent general or special election the question whether a loan appropriation under this section should not be repaid to the permanent fund. Unless no repayment is approved by majority vote, the amount of any loan appropriated under this section together with interest in an amount established by law shall be appropriated to the permanent fund in repayment and, upon receipt, shall be treated as income of the permanent fund."

NIGHTLETTER, Dr. Newton/Gov. Jay Hammond (ret.), 4/20/88

GOV. JAY HAMMOND (ret.)  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

SEN. RICK HALFORD CARRIED THE CAUSE PAST ANOTHER MILESTONE, WED., APR. 20. HIS RESOLUTION, SJR 25, CLEARED SENATE STATE AFFAIRS AND WENT TO JUDICIARY. FINAL REVISED DRAFT OF HAMMOND AMENDMENT INCORPORATING EMERGENCY LOAN PROVISIONS WAS NOT AVAILABLE TO HIM. HAD PREVIOUSLY INFORMED HIS OFFICE THAT IT MIGHT NOT BE COMPLETED AT SCHEDULED HOUR FOR HEARING AND ADVISED THE ADVANCEMENT, IN THAT EVENTUALITY, OF SJR 25. REP. ULMER AND HER STAFF WERE STILL CLEARING EMERGENCY LOAN CLAUSE WITH LEGISLATIVE LEGAL SERVICES. THAT AGENCY HAS NOW PROVIDED ESSENTIAL TECHNICAL REVIEW NEEDED FOR FINALIZING TEXT. MINOR CORRECTIONS PROVIDED TO ME BY REP. ULMER'S STAFF LATE THIS AFTERNOON. NEW DRAFT WILL BE IN THE MAIL TO YOU WITHIN TWENTY-FOUR HOURS OF THIS TRANSMISSION. WILL KEEP YOU POSTED ON EVENTS.

ROBERT E. NEWTON  
520 3rd St.  
JUNEAU, ALASKA 99801  
(907) 586-1792

## MY TURN

### The Hammond Amendment

By ROBERT E. NEWTON

November 2, 1976, marked a redletter day for the Alaska public. Authorized by a popular vote taken in a state general election, the Alaska Permanent Fund was formally chartered on that date in the state constitution. This investment fund was created to hold a minimum of 25 percent of the state's royalty income from the petroleum industry in a public trust for all state residents. All told this investment has included approximately 10 percent of total state revenue since 1976. In addition to the constitutionally mandated contributions, extra deposits, approximately doubling the size of the fund, have been made at the option of various governors and state legislatures. The size of the fund today reflects a continuous, lively sense of responsibility on the part of elected state officials to cooperate with the spirit as well as the letter of the state constitution.

The original permanent fund amendment was designed to counter the tide of excessive state spending which had already commenced in 1969 when the state received \$900 million as a result of the initial state lease purchases by the petroleum companies before the pipeline was constructed and oil production began. A consensus gradually developed during the construction years (1969-1978) to the effect that abuses in state spending would unavoidably and markedly accelerate after petroleum production did begin. It was also known that over a relatively brief period (five to seven years) of bonanza-level production the volume of oil produced would commence to seriously decline. Proportionately state revenue receipts would also decline. The permanent fund was designed to provide one sure way to safely retain a portion of the short-term wealth from the years of peak production for future generations of Alaskans. Over the years since the permanent fund was chartered more than \$7 billion has been deposited into its principal. At the present time it is one of the largest trust funds in the world. It is the corporate property of the people of Alaska.

Jay Hammond was Alaska's governor (1974-1982) when the original permanent fund amendment was framed and adopted. Safeguarding and shepherding the public's petroleum heritage represents the finest achievement of his career in Alaska public life. Not his idea alone, Hammond placed a high priority on the fund's speedy adoption in the early years of his first term. As governor he consistently supported permanent fund deposits in excess of the minimum which is mandated by the state constitution. In his retirement years since 1982, Hammond has returned

frequently to the limelight in order to foster and to protect the fund, and to focus public attention on issues affecting it. Several recent proposals - all of them perfectly legal and constitutional - to divert permanent fund income toward defraying routine, recurring state governmental expenditures have not escaped Hammond's attention. He has responded with a proposal for additional constitutional safeguards to protect the income as well as the principal of the permanent fund. Hammond's original concern when he was governor, and that of others who assisted him, was directed toward setting the money aside, protecting the principal with ironclad prohibitions against spending it for any purpose, and providing for its prudent investment in order to bring about a maximum return of interest income. The achievement of this goal has far exceeded the best hopes and expectations of many of the fund's early advocates.

Sound management and regular annual increases to the permanent fund's principal have produced the result of the fund's income averaging over \$500 million during the past five years. The continuation of current policies will likely, if not certainly, guarantee further increases in the future. Do we need, therefore, to concern ourselves at the present time with questions as to how the permanent fund income should be spent? The Hammond Amendment answers this question with a resounding "yes!" The bonanza petroleum revenue years are over. Moderate, declining production, and new fields which might - or might not - guarantee sustained, moderate production for the decades ahead can now be anticipated. The public and its elected policy-makers should understand that adjusting state spending to this post-boom circumstance is now the issue confronting Alaskans. The bonanza years cannot be recaptured by manipulating the income account of the permanent fund. The Hammond Amendment calls public attention back to its original purpose.

The Hammond Amendment provides a constitutional mandate to the governor and to the state legislature to regularly use permanent fund income for three purposes only. They must, first of all, pay annual dividends from the fund income to Alaska residents. This means all permanent state residents will continue to enjoy and to participate on an equal basis in a share of the income produced by their money. The dividend program, modest in its original conception and kept that way over the years since it was inaugurated, is not a governmental "give away" program. It represents an honest acknowledgment of the existence of

the rights of the people who actually own the permanent fund. It also serves as a stern reminder of this fact and a tacit restraint upon anyone who might be tempted to contest these rights.

Second, the Hammond Amendment directs the governor and the state legislature to use fund income to safeguard the fund from the adverse effects of inflation. Always a potential danger to any invested resource, inflation can, and regularly does, affect diversified investment funds in many adverse ways. Unavoidable and unpredictable, inflationary problems present themselves on a daily basis. Managers of trust funds respond to inflationary problems by holding a portion of their undistributed income in constant reserve where it is ready to offset inflationary losses when and where they occur. This promptly restores the total of the principal each time inflation depletes it in any manner.

The third constitutional mandate in the Hammond Amendment requires the governor and the state legislature to defray all operating costs of the fund from fund income. These costs include the salaries of the permanent fund's trustees, professional staff and their employees, their rent and facilities maintenance, travel, and professional services necessary to carry on the fund's operations. Amounting to little more than mandated housekeeping instructions, this clause formally separates permanent fund administration from other state administration, prevents the intermingling of fund income with other state income, and effectively requires all fund operations to be self-supporting.

The Hammond Amendment allows the governor and the state legis-

lature two options in the use of permanent fund income. It reserves the judgment to them as to when sufficient income surpluses have accrued to warrant transfers to the principal of the fund. With this provision surpluses can readily be transferred to principal as often as they accumulate.

A second optional spending clause in the Hammond Amendment allows the governor and the state legislature to appropriate from fund income "for any extraordinary public expenses which may from time to time arise." Such appropriations, however, "must be approved by a majority of the voters of the state in a general or special election." This clause can be invoked at any time. It imposes no cumbersome procedures on the governor and the state legislature. It acknowledges the lively possibility that permanent fund income could be needed at any time for many different purposes. But it gives the Alaska public the last word in approving any such expenditures. It ensures that the money will always be available as a genuine emergency fund or as a source of public support for any bona fide need which would actually gain the approval of the voters. It effectively prohibits erosive depletion of fund income through resorts to the whole range of subterfuges - unlimited in their number and kind - for the unaccountable spending of public money.

Dr. Robert E. Newton is a publicist on legal and state governmental issues. A Phi Beta Kappa laureate from Iowa University (1958), he served in the legislature of that state in 1969-70. He earned a Ph.D. in political science from the Catholic University of America in 1965 and has resided in Juneau for the past 17 years.

Introduced: 1/22/88  
Referred: State Affairs,  
Judiciary and Finance

5-1519A

1 IN THE HOUSE

BY ULMER AND HUDSON  
BY REQUEST

2

HOUSE JOINT RESOLUTION NO. 48

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Proposing an amendment to the Constitu-

6

tion of the State of Alaska relating to

7

income from the permanent fund.

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

9 \* Section 1. Article IX, sec. 15, Constitution of the State of Alaska

10 is amended to read:

11 SECTION 15. ALASKA PERMANENT FUND. (a) At least twenty-five  
12 percent of all mineral lease rentals, royalties, royalty sale  
13 proceeds, federal mineral revenue sharing payments and bonuses  
14 received by the State shall be placed in a permanent fund, the  
15 principal of which shall be used only for those income-producing  
16 investments specifically designated by law as eligible for permanent  
17 fund investments. [ALL INCOME FROM THE PERMANENT FUND SHALL BE  
18 DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW.]

19 \* Sec. 2. Article IX, sec. 15, Constitution of the State of Alaska is  
20 amended by adding new subsections to read:

21 (b) Income from the permanent fund shall be used to provide for  
22 the payment of annual dividends to residents of the state, to offset  
23 the effects of inflation on the principal, and to provide for the  
24 operating costs of the fund and dividend program.

25 (c) Income from the permanent fund may be used to increase the  
26 principal and to appropriate for any extraordinary public expenses  
27 which may from time-to-time arise.

28 (d) Notwithstanding Section 14 of Article II and Section 1 of  
29 Article XI, an appropriation under (c) of this section for any

1 extraordinary public expense shall be placed on the ballot by the  
2 lieutenant governor for the next general or special election and may  
3 not take effect unless approved by a majority vote. Unless otherwise  
4 provided in the law, the appropriation becomes effective thirty days  
5 after certification of the election returns by the lieutenant gover-  
6 nor.

7 \* Sec. 3. The amendments proposed by this resolution shall be placed  
8 before the voters of the state at the next general election in conformity  
9 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
10 tion laws of the state.

*Info Rep Sec'd*

*RR  
3/8/88*

MAR 09 1988

586-1792

GLEN BENEDICT ROBERT E NENTON

520 3 ST

JUNEAU AK 99801

JUN

58601208840200DF4-09006RS23008

ANCH

276 12421A

5861792

JJ

09006 NL TDA JUNEAU AK 124 01-25 1100P AST

PMS MAIL ONLY

HOUSE SPEAKER GRUSSENDORF

STATE CAPITOL

JUNEAU AK 99811

THIS MESSAGE REFERS TO HAMMOND AMENDMENT (HJR 48) ON ALASKA PERMANENT FUND AND MY LETTER TO WARREN ENDICOTT OF THIS DATE. REPS. ULMER AND HUDSON HAVE COPIES OF THE DRAFTING FILE. COPY PREVIOUSLY FURNISHED YOU PERSONALLY AT YOUR SITKA ADDRESS BEFORE CHRISTMAS. LEGISLATIVE AFFAIRS SHOULD BE ABLE TO LOCATE THEIR COPY SOON. PROMPTNESS OF SERVICE UNCERTAIN. COULD EASILY PROVIDE HOUSE CLERKS OFFICE WITH A TRUE COPY MYSELF IF THAT WOULD ASSIST YOU IN ANY WAY. SUGGESTING CAUTION BE EXERCISED IN ACCEPTING ANY MATERIALS OR STATEMENTS WITH REFERENCE TO HAMMOND AMENDMENT WITHOUT CONSULTING SPONSORS OR THE UNDERSIGNED. WILL PHONE CLERKS OFFICE THURSDAY MORNING TO VERIFY RECEIPT OF THIS MESSAGE SHARING IT WITH SPONSORS AND COMMITTEE CHAIRMAN.

ROBERT E NENTON

520 3 ST

JUNEAU AK 99801

586-1792

*Drafting file  
Attached*

# Your help needed protecting fund

Having tried my hand as both political newsmaker and muckraker, I have empathy for both rakers and rakees. Sometimes I marvel that reporters capture what they do of a story's complexities. At others, I share the dismay of all who have served in public office with the media's frequent failure to convey accurately what I REALLY meant to say.

Accordingly I understand frustration of state senators which prompted their newsletter "end run" around the media, just as I can understand the media's affront with the Senate's effort to elevate itself through disparagement of media credibility. I can understand; but totally agree with neither.

Considering the skepticism in which most hold politicians, small wonder praise they heap upon themselves is considered simply propaganda. On the other hand, have you ever seen a news story in which you played a role which was completely accurate?

Rather than berate the Senate for its flyer, far better for media to ferret out what errors, if any, it contained and just as critically examine its own efforts to assure accuracy and fairness.

These reflections are prompted by a recent news conference at which I: 1. At-



**Jay Hammond**  
bushrat'lings

tempted to hold Mayor-elect Tom Fink's feet to the fire of his campaign commitment to first seek a public vote before trying to tap permanent fund earnings; and 2. Explained why I invested my dividend check in Sen. Rick Halford's re-election.

Something got lost in translation. In one news story I appeared instead to kiss Tom's feet and reward Halford for something I oppose: a constitutional amendment dividing earnings 30 percent for dividends, 30 percent for inflation proofing and 40 percent for the legislature. Actually I support Halford in spite of his co-sponsorship of that bill, since I am assured that at the time it was designed primarily to counter efforts to break into those earnings with even less constraint and no public vote whatsoever.

Sen. Halford was singled out because I believe no one

more accurately reflects my views on the permanent fund and can more likely assure they are legislatively accommodated.

Last year I urged the legislature to place before voters a constitutional amendment stipulating that fund earnings would be used only for payments of dividends, inflation proofing or as otherwise provided by law ratified by a majority of the voters. Sen. Halford introduced legislation to do this. It was that, not 30-30-40, which "won" him my dividend and warrants support of all who believe that earnings of the fund need more protection.

Subsequently a group in Juneau, including highly esteemed economist Dr. George Rogers, sought my approval for what they wished to term "The Hammond Amendment." This, in somewhat different language, also would accomplish my objective. Despite fear such a label might prove a taint, I gave them my approval.

The legislature must have some firm guidelines as to how, if, and when those earnings may be used. Those guidelines should be drawn up by the people, not the politicians. If you agree, I strongly urge you to instruct your legislators to support SJR No. 25 sponsored by Halford and Szymanski.

Please don't put it off! Do it now! Many have encouraged me to continue efforts to safeguard the permanent fund. Certainly I'll continue them; but as never before I need your help.

Happily, among those who now assert they would require a public vote before the motherlode of fund earnings could be dug into is one previously trying hardest to dig into them: Mayor Tom Fink.

Mr. Fink has been credited by most with two prime commodities: fiscal conservatism and integrity. While the former recently came into question through his proposal to "jump start" our economy by juicing it with simply more of the same state subsidies which caused much of our economic short circuiting in the first place, few question Tom's integrity.

Now that Tom has laid aside his pick, shovel and jumper cables and given his word that he's on board supporting a public vote, I sleep much better. After all, most everyone will tell you Tom Fink is an honorable man whose word is gold. And honorable men do not salt their claims — at least not with iron pyrite.

Jay Hammond was governor of Alaska from 1974-1982.

1790 Evergreen Ave.  
Juneau, Alaska 99801  
November 11, 1987

Governor Jay Hammond (ret.)  
Lake Clarke  
Port Alsworth, Alaska 99656

Dear Mr. Hammond: *Jay!*

This date I am retiring our communications and drafts on the proposed Hammond Amendment to the Alaska State Constitution protecting the income of the permanent fund to the Alaska State Historical Library. A complete file is also enclosed with this letter for your records. Since there is a written record of this work, I have decided to make it available for contemporary public examination as well as for the historical record.

I am also providing complete files to Mr. Fred Eastaugh of the Juneau law firm Robertson, Monagle and Eastaugh, and to Mr. Carl Sampson, the Managing Editor of the Juneau Empire. Mr.'s Eastaugh and Sampson held the final draft of the proposal for ten days (August 17 through August 27, 1987) while the call was out in this community for final suggestions and revisions. Receiving none, I initialled the draft on the latter date and sent it to you via certified mail.

My request is pending with local university authorities with regard to the Juneau workshop which I proposed to you in mid-July to facilitate public discussion of Alaska Permanent Fund issues. According to your wishes we should be able to schedule such a meeting with two to three weeks notice. Be sure of my sustained interest in assisting you in any manner to bring about the needed constitutional protection for the permanent fund at an early date. I am most hopeful that our response to your June 29, 1987 communication to the Juneau Empire will be received favorably by the voting public in all regions of the state.

Sincerely,

*George W. Rogers*  
George W. Rogers

cc: State Historical Library  
Mr. Eastaugh  
Mr. Sampson

Index, Hammond Amendment Drafting File. (Records retired to the Alaska State Historical Library by Dr. George W. Rogers, November 11, 1987)

#### A. Communications

1. Letter, Governor Jay S. Hammond (ret.), published by the Juneau Empire, June 29, 1987.
2. Telegram, Dr. George W. Rogers to Governor Hammond, July 9, 1987.
3. Telegram, Dr. Rogers to Governor Hammond, August 6, 1987.
4. Letter, Governor Hammond to Dr. Rogers, August 23, 1987.
5. Telegram, Dr. Rogers to Governor Hammond, August 27, 1987.

#### B. Hammond Amendment Drafts

1. First Draft, undated.
2. Second Draft, July 24, 1987.
3. Third Draft, July 27, 1987.
4. Fourth Draft, July 28, 1987.
5. Fifth Draft, July 29, 1987.
6. Final (sic.) Draft, July 29, 1987.
7. Sixth Draft, July 30, 1987.
8. Seventh Draft, August 1, 1987.
9. Eighth Draft, August 4, 1987.
10. Ninth Draft, August 5, 1987.
11. Tentative Final Draft. August 6, 1987.
12. Semi-Final Draft, August 17, 1987.
13. Final Draft, August 27, 1987.

#### C. Hammond Amendment Exegesis

1. Typescript copy, The Hammond Amendment, Dr. Robert E. Newton, published by the Juneau Empire, September 29, 1987.

## Governor, legislators dealing public bad hand

Dear Editor:

As the gaming tables in Juneau re-open July 1, for the special session crap shoot, the public should be clearly aware of the stakes and key players.

The stakes, of course, are the earnings of your permanent fund. The governor wants to "cover his bets" by being allowed to draw on those earnings. The Senate believes this unnecessary; they would gamble that oil income will be sufficient to cover the budget. No need for new taxes or "raiding" the permanent fund.

Some of course, bristle at the word "raid." They'll try to lull you into complacency. "We wouldn't dream of touching the fund itself nor your dividends," they'll pronounce in pious indignation. "We just want to 'drain off' a bit of the surplus." Well don't you believe it!

Both the fund and prospective dividends will be made more anemic through such a bleeding. Those who'd have you think otherwise are like surgical quacks who try to convince you that a diet which carves 5 pounds off your carcass by trimming it from the heart muscle could well prove terminal, but the same poundage could be extracted in pints of blood, without any damage.

Since at stake are monies which by law can now be only used for dividends or inflation-proofing your permanent fund, by rights those who would gamble them on something quite different, should first be required to seek your approval before placing their bets. I can, however, appreciate why, in this instance, time might not permit this. Where there are dramatic reductions in oil revenues it might be necessary to use those earnings before the public could grant approval. Regardless, if both the governor and the legislature wish to gamble, both should be required to put their mouths where your money is.

For example, if the Senate really believes oil revenues will be suffi-

cient, they should "loan" permanent fund earnings to the governor. But only on the condition that he be permitted to spend them and the loan "forgiven," should there be the revenue shortfall the Senate believes highly unlikely. On the other hand, should oil revenues prove sufficient, as the Senate is betting, the governor should be willing to re-pay the loan and deposit the money into the permanent fund where it belongs.

However, the governor has drawn up the "house rules" for the special session, and they smack entirely too much of "Heads I win. Tails you lose." Under his proposal, even if it is not necessary to use fund earnings to balance the budget, (as seems increasingly likely from current oil pricing), once those earnings are withdrawn from the fund's reserve account, they'll be lost to the fund forever!

It is upon that point that I take

violent issue with the governor's proposition.

Certainly he should be granted a "safety net" in the event of another free fall in oil prices. However, should prices hold, he should not be allowed to use that net as a "snare" to snatch monies away from the permanent fund and into the general fund, where they will certainly be spent for other than what is now required by law.

At the very least, before legislators "count their chips and throw in their hands," they should demand that, in return for allowing the governor to draw down on permanent fund earnings now, he first agree that in the future he'll not try to do so before gaining permission by a majority vote of the fund's "stockholders," namely you.

I'm increasingly convinced that only by structuring such an obliga-

tion into our Constitution can the dividend program, or the fund itself long survive.

Now, I know the governor to be an honorable man. Accordingly, I'm dismayed by those who assert that his proposals are designed to seduce the Senate into an action which would breach what, to date, has been the virginal sanctity of the permanent fund. So far, neither the governor nor the legislature have found a way to unlock the statutory chastity belt so wisely fashioned by the fund's founders to ward off the rapacious. Similarly, it's hard to believe that for a few paltry items in the capital budget there are legislators who would be willing to throw the governor the skeleton key. But then again I'm not sure I'd bet on that ... and neither should you.

Sincerely,  
Jay S. Hammond  
Naknek, Alaska

NIGHT LETTER - GEORGE W. ROGERS, 7/9/87

GOV. JAY HAMMOND  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

LOCAL JUNEAU MEDIA GAVE YOUR PERMANENT FUND LETTER TO ALASKA PUBLIC EXCELLENT COVERAGE. SINCERELY HOPE THAT STATEWIDE MEDIA DID AS WELL. FULLY SUPPORTIVE OF YOUR POSITION ON CONSTITUTIONAL PROTECTION FOR FUND EARNINGS. SUGGESTING UNIVERSITY WORKSHOP IN JUNEAU AS A PRACTICAL VEHICLE TO PREPARE FOR FURTHER PRESENTATION OF ISSUE. ACADEMIC FREEDOM WOULD PRIVILEGE AT LEAST ONE DELIBERATIVE SESSION WITHOUT COMPROMISING STATE LAW ON OPEN MEETINGS. FEES FOR ADMISSION AND PARTICIPATION COULD BE NOMINAL. UNIVERSITY REGULATIONS FOR NONCREDIT WORKSHOPS ALLOW FOR COMPLETE FEE WAIVER WITHOUT EMBARRASMENT FOR THE IMPECUNIOUS, ENABLING FULL, OPEN PARTICIPATION. SUCH A FORUM WOULD ATTRACT BROADLY BASED PARTICIPATION AND ASSURE THAT NO SINGLE INTEREST OF LOCALITY WOULD DOMINATE PROCEEDINGS. VOLUNTEERS AVAILABLE IN JUNEAU IN SUFFICIENT NUMBER TO PROVIDE ALL NECESSARY EXPERTISE AND LEGWORK WITHOUT RUNNING UP PROHIBITIVE COSTS. SUGGESTING LATE JULY OR EARLY AUGUST FOR TIMING. CONSIDERING A DAY OR TWO AT THE MOST SHORT CONFERENCE. IF YOU CONCURR WILL MAKE PROPOSAL TO LOCAL UNIVERSITY OFFICIALS.

DR. GEORGE W. ROGERS  
1790 EVERGREEN AVE.  
JUNEAU, ALASKA 99801  
586-1202

NIGHT LETTER - DR GEORGE W. ROGERS, 8/6/87

GOV. JAY HAMMOND  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

DRAFT OF MODEL PERMANENT FUND CONSTITUTIONAL AMENDMENT TO SAFEGUARD PERMANENT FUND INCOME COMPLETED. CLOSE TO A MONTH INVESTED IN THIS EFFORT. NOT A PRODUCT OF ONE LAWYER, BANKER, ACCOUNTANT, BUREAUCRAT, ETC. NO HASTE EITHER. PROCESS OF THOROUGH, OPEN CONSULTATION HAS BEEN FOLLOWED. ENTIRELY PLEASED AND SATISFIED WITH RESULT. FURTHER TECHNICAL MODIFICATIONS IN WORDING POSSIBLY NEEDED. WISH TO SHARE TEXT WITH YOU IMMEDIATELY. DISPATCHING IT BY PRIORITY MAIL FOR YOUR REVIEW.

URGING YOU TO LEND YOUR NAME TO THIS TEXT TO ENABLE PROMOTION AS THE HAMMOND AMENDMENT. ALASKA PUBLIC TRUSTS YOU IN THIS MATTER AS THEY DO NO OTHER PUBLIC FIGURE. EVERY GOOD REASON FOR THIS. PROSPECTS EXCELLENT FOR A CLEAN, AFFIRMATIVE ADOPTION CAMPAIGN WHICH MAY WELL PROVE TO BE EDUCATIONAL AND INFORMATIVE TO PUBLIC AND YOUNGER GENERATION OF OFFICE HOLDERS. AWAITING YOUR REPLY.

DR. GEORGE W. ROGERS  
1790 EVERGREEN AVE.  
JUNEAU, ALASKA 99801  
586-1202

Port Alsworth, Alaska 99653

August 23, 1987

Dr. George Rogers  
Juneau, Alaska

Dear George:

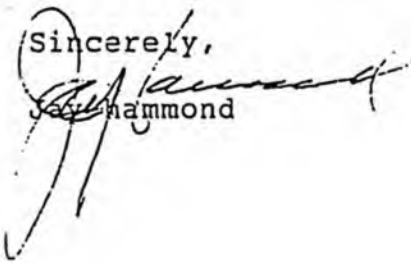
I hope you received my phone message regarding your communications related to a Constitutional amendment on the Permanent Fund. I have been absent from Lake Clark for various prolonged periods of late. moreover, my phone recorder has been acting up..

At any rate, I am delighted that you have taken it upon yourself to attempt to protect the Permanent Fund earnings.

I had proposed an amendment last year which was designed to do the same. However, it got nowhere. It read in essence: Earnings of the P.F. may be used only for inflation proofing, the payment of dividends, reinvestment in the Fund, or as otherwise provided by law ratified by a 2/3 vote of the people.

At any rate, I would be most happy to lend my name to your efforts.

Sincerely,

  
Jay Hammond

NIGHT LETTER - George W. Rogers, 8/27/87

GOV. JAY HAMMOND  
LAKE CLARKE  
PORT ALSWORTH, ALASKA 99653

FINAL DRAFT ON PROPOSAL FOR CONSTITUTIONAL SAFEGUARDS ON PERMANENT FUND INCOME COMPLETED. TEXT HAS BEEN CAREFULLY REVIEWED HERE IN JUNEAU OVER THE PAST THREE WEEKS. RECOMMENDING IT TO YOU AND ASKING YOU TO ALLOW THE USE OF YOUR NAME TO ENABLE YOUR FRIENDS AND ASSOCIATES TO CALL IT THE HAMMOND AMENDMENT. FORWARDING TEXT VIA PRIORITY MAIL AND ASKING YOU TO CONFIRM RECEIPT.

ALSO REQUESTING YOU TO CONSIDER MY PROPOSAL TO ATTEND WORKSHOP HERE IN JUNEAU TO FACILITATE PUBLIC DISCUSSION OF PROPOSAL. AUTHORIZATION IS PENDING FOR TENDERING YOU FULL PAYMENT ON ALL YOUR EXPENSES IN THE EVENT THAT YOU COULD ACCEPT. AS AN ALTERNATIVE WOULD YOU CONSIDER THE PREPARATION OF AN ENDORSEMENT MESSAGE IF TRIP TO JUNEAU WOULD NOT BE CONVENIENT BEFORE LATE SEPTEMBER. AWAITING YOUR REPLY.

GEORGE W. ROGERS  
1790 EVERGREEN AVE.  
JUNEAU, ALASKA 99801  
586-1202

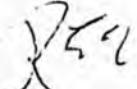
ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the Alaska Permanent Public Trust Fund. The principal of this fund shall be used only for those income-producing investments specifically designated by law as eligible for Alaska Permanent Public Trust Fund investments. All income from the Alaska Permanent Public Trust Fund shall be deposited in that same fund. The legislature may appropriate monies from these deposits to provide for an annual dividend payment to Alaska residents, to provide for the management and oversight of the fund itself, and to defray other extraordinary public expenses that may from time to time arise. Except for annual dividend and fund management and oversight appropriations, all other appropriations from the income of the Alaska Permanent Public Trust Fund must be approved by a referendum vote of the Alaska public taken in a general election or in a special election provided for by law.

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the Alaska Permanent Public Trust Fund. The principal of this fund shall be used only for those income-producing investments specifically designated by law as eligible for fund investments. All income from the fund shall be deposited in the fund. Upon deposit the legislature may appropriate from this income to provide for an annual dividend payment to Alaska residents, to offset the effects of inflation on the principal of the fund, to defray all costs related to fund management and oversight, and for any extraordinary public expenses which may arise from time to time. Except for appropriations to pay dividends, to safeguard the principal of the fund from the effects of inflation, and to provide for fund management and oversight expenses, all other appropriations from the income of the fund must be approved by a vote of the public taken in a general election or a special election provided for by law.


THIRD DRAFT

  
DR. NEWTON  
7/27/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the Alaska Permanent Public Trust Fund. The principal of this fund shall be used only for those income-producing investments specifically designated by law as eligible for fund investments. All income from the fund shall be deposited in the fund in a manner provided for by law. The legislature may appropriate from this income to provide for an annual dividend payment to Alaska residents, to offset the effects of inflation on the principal of the fund, to transfer surplus income to the principal of the fund, to defray all costs related to fund management and oversight, and for any other extraordinary public expenses which may arise from time to time. Except for appropriations to pay dividends, to safeguard the fund from the effects of inflation, to transfer surplus income to the principal of the fund, and to provide for fund management and oversight expenses, all other appropriations from the income of the fund must be approved by a vote of the public taken in a general election or in a special election provided for by law.

FOURTH DRAFT

  
Dr. Newton  
7/28/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the Alaska Permanent Public Trust Fund. The principal of this fund shall be used only for those income-producing investments specifically designated by law as eligible for fund investments and shall remain dedicated to this sole purpose. All income from the fund shall be deposited in a separate income account in the fund in a manner provided for by law. The legislature may appropriate from this income account to provide for an annual dividend payment to Alaska residents, to offset the effects of inflation on the principal of the fund, to transfer surplus income to the principal of the fund, to defray all costs related to fund management and administration, and to provide for any extraordinary public expenses which may from time to time arise. Except for appropriations to pay dividends, to safeguard the principal of the fund from the effects of inflation, to transfer surplus income to the principal of the fund, and to provide for fund management and administration expenses, all other appropriations from the income account of the fund must be approved by the qualified voters of the State in a <sup>subsequent</sup> general election or in a special election provided for by law.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

29 July 97 (Draft Five)

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the permanent public trust fund [permanent trust fund], the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent public trust fund [permanent trust fund] investments. All income from the fund shall be deposited in a separate account in the fund. The legislature may appropriate from this income [Income shall be appropriated] to provide for the payment of annual dividends to Alaska residents [to residents of the state], to offset the effects of inflation on principal, to provide the operating costs of the fund, to transfer income to the principal of the fund [and income may be appropriated to principal] and to provide for extraordinary expense which may from time to time arise. Except for appropriations to pay dividends, safeguard the principal from inflation, provide for the operating costs of the fund, and transfer income to principal, appropriations must be approved by a majority of the registered voters of the state in a general or special election. [Appropriations for extraordinary expense must be approved by a majority of the registered voters of the state in a general or special election.]

*RNL*  
Dr. Newton  
7/29/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the Alaska Permanent Public Trust Fund. The principal of this fund shall be used only for those income-producing investments specifically designated by law as eligible for fund investments, and it shall remain dedicated to this sole purpose. All income from the fund shall be deposited in a separate income account in the fund in a manner provided for by law. The legislature may appropriate from this income account to provide for an annual dividend payment to Alaska residents, to offset the effects of inflation on the principal of the fund, to transfer surplus income to the principal of the fund, to defray all costs related to fund management and administration, and to provide for any extraordinary public expenses which may from time to time arise. Except for appropriations to pay dividends, to safeguard the principal of the fund from the effects of inflation, to transfer surplus income to the principal of the fund, and to provide for fund management and administration expenses, all other appropriations from the income account of the fund must be approved by the qualified voters of the State in a subsequent general election or in a special election provided for by law.

EXPLANATION

The above text is proposed to replace the current provisions in the Alaska State Constitution on the Alaska Permanent Fund. It renames the fund to more fully correspond with what the fund has come to mean to the Alaska public. It provides for the deposit of fund earnings back into the fund rather than into the state's General Fund. It clearly defines the powers of the legislature over the income as well as the principal of the fund. (All underlined portions of the above text represent proposed new terminology. Portions not underlined represent the terminology which the Alaska Constitution now contains.)

SIXTH DRAFT

Dr. Newton

7/30/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT PUBLIC TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue sharing payments and bonuses received by the State shall be placed in the permanent public trust fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent public trust fund investments. All income from the fund shall be deposited in a separate income account in the fund. The legislature may appropriate from this income account to provide for the payment of annual dividends to residents of the state, to transfer income to the principal of the fund to offset the effects of inflation on the principal, to provide for the operating costs of the fund, to transfer surplus income to the principal of the fund, and to provide for any extraordinary public expenses which may from time to time arise. Except for appropriations to pay dividends to residents, to safeguard the principal of the fund from inflation, to provide for the operating costs of the fund, and to transfer surplus income to the principal of the fund, all other appropriations must be approved by a majority of the registered voters of the state in a general or special election.

EXPLANATION:

The above text is proposed to replace the current provision in the state constitution on the Alaska Permanent Fund. It renames the fund to more fully correspond with what the fund has come to mean to the Alaska public. It provides for the deposit of permanent fund earnings back into the fund rather than into the state general fund. It clearly defines and restricts the powers of the legislature over the income as well as the principal of the fund. (All underlined portions of the above text represent proposed new terminology. Portions not underlined represent the terminology which the Alaska Constitution now contains.)

00

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

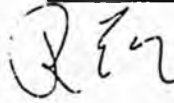
1 August 87 (Draft Seven)

ARTICLE IX, SECTION 15

ALASKA PERMANENT TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the permanent trust fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent trust fund investments. [ALL] Income from the permanent trust fund shall be used to provide for the payment of annual dividends to residents of the state, to offset the effects of inflation on the principal and to provide the operating costs of the fund, and income may be used to increase the principal and to provide for any extraordinary public expense which may from time to time arise. Appropriations for extraordinary public expense must be approved by a majority of the voters of the state in a general or special election. [shall be deposited in the general fund unless otherwise provided by law.]

EIGHTH DRAFT



Dr. Newton  
8/4/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the 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. Income from the permanent fund shall be used to provide for the payment of annual dividends to residents of the state, to offset the effects of inflation on the principal of the fund, and to provide for the operating costs of the fund. Income may be used to increase the principal of the fund at any time, and to provide for any extraordinary public expenses which may from time to time arise. Appropriations for any such expenses must be approved by a majority of the voters of the state in a general or special election.

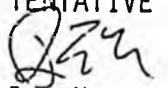
5 August 87 (Draft Nine)

ARTICLE IX, SECTION 15

ALASKA PERMANENT TRUST FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the permanent trust fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent trust fund investments. [ALL] Income from the permanent trust fund shall be used to provide for the payment of annual dividends to residents of the state, to offset the effects of inflation on the principal and to provide for the operating costs of the fund. Income from the permanent trust fund fund may be used to increase the principal and to appropriate for any extraordinary public expense which may from time to time arise. Appropriations for extraordinary public expense must be approved by a majority of the voters of the state in a general or special election. [shall be deposited in the general fund unless otherwise provided by law.]

TENTATIVE FINAL DRAFT



Dr. Newton

8/6/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the 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. Income from the permanent fund shall be used to provide for the payment of annual dividends to residents of the State, to offset the effects of inflation on the principal and to provide for the operating costs of the fund. Income from the permanent fund may be used to increase the principal and to appropriate for any extraordinary public expenses which may from time to time arise. Appropriations for any extraordinary public expenses must be approved by a majority of the voters of the State in a general or special election.

EXPLANATION:

The above text is proposed to replace the current provisions in the state constitution on the Alaska Permanent Fund. It defines and restricts the uses of the income from the fund as well as the principal of the fund. (All underlined portions of the above text represent proposed new terminology. Portions not underlined represent the terminology which is now contained in the Alaska State Constitution.)

PROPOSED "HAMMOND AMENDMENT"

SEMI-FINAL DRAFT

Dr. Newton  
8/17/87

ARTICLE IX, SECTION 15  
ALASKA PERMANENT FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the 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. Income from the permanent fund shall be used to provide for the payment of annual dividends to residents of the State, to offset the effects of inflation on the principal and to provide for the operating costs of the fund. Income from the permanent fund may be used to increase the principal and to appropriate for any extraordinary public expenses which may from time to time arise. Any appropriation for an extraordinary public expense must be approved by a majority of the voters of the State in a general or special election.

EXPLANATION:

This proposed amendment to the state constitution defines and restricts the uses which may be made of the income as well as the principal of the Alaska Permanent Fund. Underlined portions of the above text represent proposed new terminology. Those portions not underlined represent the existing text of the Alaska State Constitution.

PROPOSED "HANSIOND AMENDMENT"

FINAL DRAFT

Dr. George W. Rogers  
August 27, 1987



ARTICLE IX, SECTION 15  
ALASKA PERMANENT FUND

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in the 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. Income from the permanent fund shall be used to provide for the payment of annual dividends to residents of the State, to offset the effects of inflation on the principal and to provide for the operating costs of the fund. Income from the permanent fund may be used to increase the principal and to appropriate for any extraordinary public expenses which may from time to time arise. Any appropriation for an extraordinary public expense must be approved by a majority of the voters of the State in a general or special election.

EXPLANATION:

This proposed amendment to the state constitution defines and restricts the uses which may be made of the income as well as the principal of the Alaska Permanent Fund. Underlined portions of the above text represent proposed new terminology. Those portions not underlined represent the existing text of the Alaska State Constitution.

## THE HAMMOND AMENDMENT

by Robert E. Newton

November 2, 1976 marked a redletter day for the Alaska public. Authorized by a popular vote taken in a state general election, the Alaska Permanent Fund was formally chartered on that date in the state constitution. This investment fund was created to hold a minimum of twenty-five percent of the state's royalty income from the petroleum industry in a public trust for all state residents. All told this investment has included approximately ten percent of total state revenue since 1976. In addition to the constitutionally mandated contributions, extra deposits, approximately doubling the size of the fund, have been made at the option of various governors and state legislatures. The size of the fund today reflects a continuous, lively sense of responsibility on the part of elected state officials to cooperate with the spirit as well as the letter of the state constitution.

The original permanent fund amendment was designed to counter the tide of excessive state spending which had already commenced in 1969 when the state received \$900 million as a result of the initial state

---

Dr. Newton is a publicist on legal and state governmental issues. A Phi Beta Kapp<sup>1</sup> Laureate from Iowa University (1956), he served in the legislature of that state in 1969-70. He earned a Ph.D. in political science from the Catholic University of America in 1965. He has resided in Juneau for the past seventeen years.

lease purchases by the petroleum companies before the pipeline was constructed and oil production began. A consensus gradually developed during the construction years (1969 - 1978) to the effect that abuses in state spending would unavoidably and markedly accelerate after petroleum production did begin. It was also known that over a relatively brief period (five to seven years) of bonanza-level production the volume of oil produced would commence to seriously decline. Proportionately state revenue receipts would also decline. The permanent fund was designed to provide one sure way to safely retain a portion of the short-term wealth from the years of peak production for future generations of Alaskans. Over the years since the permanent fund was chartered more than \$9 billion has been deposited into its principal. At the present time it is one of the largest trust funds in the world. It is the corporate property of the people of Alaska.

Jay Hammond was Alaska's governor (1974 - 1982) when the original permanent fund amendment was framed and adopted. Safeguarding and shepherding the public's petroleum heritage represents the finest achievement of his career in Alaska public life. Not his idea alone, Hammond placed a high priority on the fund's speedy adoption in the early years of his first term. As governor he consistently supported permanent fund deposits in excess of the minimum which is mandated by the state constitution. In his retirement years since 1982, Hammond has returned frequently to the limelight in order to foster and to protect the fund, and to focus public attention on issues affecting it. Several recent proposals--all of them perfectly legal and constitutional--to divert permanent fund income toward defraying routine, recurring state governmental expenditures have not escaped Hammond's

attention. He has responded with a proposal for additional constitutional safeguards to protect the income as well as the principal of the permanent fund. Hammond's original concern when he was governor, and that of others who assisted him, was directed toward setting the money aside, protecting the principal with ironclad prohibitions against spending it for any purpose, and providing for its prudent investment in order to bring about a maximum return of interest income. The achievement of this goal has far exceeded the best hopes and expectations of many of the fund's early advocates.

Sound management and regular annual increases to the permanent fund's principal have produced the result of the fund's income averaging over \$500 million during the past five years. The continuation of current policies will likely, if not certainly, guarantee further increases in the future. Do we need, therefore, to concern ourselves at the present time with questions as to how the permanent fund income should be spent? The Hammond Amendment answers this question with a resounding Yes! The bonanza petroleum revenue years are over. Moderate, declining production, and new fields which might-- or might not--guarantee sustained, moderate production for the decades ahead can now be anticipated. The public and its elected policy-makers should understand that adjusting state spending to this post-boom circumstance is now the issue confronting Alaskans. The bonanza years cannot be recaptured by manipulating the income account of the permanent fund. The Hammond Amendment calls public attention back to its original purpose.

The Hammond Amendment provides a constitutional mandate to the governor and to the state legislature to regularly use permanent fund income

# **CORRECTION**

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