

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990
5833 HOUSE JUDICIARY 8672

237

DEPARTMENT OF PUBLIC SAFETY

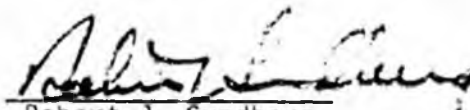
POSITION PAPER - SJR 39

Support

February 26, 1986

SJR 39 - "Proposing an amendment to the Constitution of the State of Alaska relating to the right of a citizen to keep and bear arms."

The Department supports the concept of this resolution but is concerned that the statement "shall not be infringed by the state or by a borough or city of the state" might be taken as abrogating existing laws related to firearms control and use, as well as possible future weapon laws needed for the protection and safety of the state populace.


Robert J. Sundberg

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SJR 39
 Title: "Proposing an amendment to the Constitution of the State of Alaska relating..right...to keep and bear arms."
 Sponsor: Rodey
 Requestor: S Judiciary
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Public Safety
 BRU: DPS Administration
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

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

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

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by: K. Niles Kathy Niles, Admin Assistant
 Division: Commissioner's Office

Phone: 465-4336
 Date: 2/26/86

Approved by Commissioner: [Signature]
 Agency: Public Safety

Date: 2/26/86

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA
THE LEGISLATURE

YOUTH STATE OFFICE
GENERAL ALASKA
FOT 101 151

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 14, 1983

SUBJECT: The right to bear arms
(Work Order No. 13-1175)

TO: Senator Patrick M. Rodey

FROM: Tamara Brandt Cook
Legislative Counsel

TBC

You have asked whether the state constitution protects the right of private individuals to own firearms. Article I, section 19 provides:

A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed.

This section has never been considered by the Alaska Supreme Court. The wording is identical to that in the Second Amendment of the United States Constitution, so court decisions regarding that amendment would be helpful in judging the nature of the right conferred under the state constitution. However, since it was adopted the Second Amendment has received little attention from the federal courts, so questions regarding the nature and scope of the right to bear arms remain largely unsettled. (For a historical analysis of the adoption of the Second Amendment, see, Feller and Gotting, The Second Amendment: A Second Look, 61 N.W.U.L.R. 46 (1966).)

It is argued by legal scholars that the sole concern of the framers of the Second Amendment was to prevent federal interferences with state militias and the consequent destruction of local autonomy. Under this reasoning, the amendment guarantees only the right of the people collectively to bear arms as part of a militia, but provides no guarantee of the right of the individual to bear arms for other lawful purposes. Tribe, American Constitutional Law, page 226, note 6; Feller and Gotting, supra; United States v. Cruikshank, 92 U.S. 542, 23 L.Ed. 588 (1876). It has been held that a state may

Senator Patrick M. Rodey

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April 14, 1983

prohibit groups of people other than organized militia from drilling with arms. Presser v. Illinois, 116 U.S. 252 (1886). Congress may also regulate the possession of firearms if the regulation is not shown to interfere with the preservation of state militia. U.S. v. Miller, 307 U.S. 174 (1939). However, the Supreme Court has never directly considered whether the Second Amendment provides any protection to the private ownership of arms for lawful purposes.

It is clear that the Second Amendment itself is a limit on the power of the federal government and does not apply to the states or their subdivisions. Eckert v. City of Philadelphia, 329 F.Supp. 845, affirmed 477 F.2d 610, cert. denied 94 S.Ct. 89, 414 U.S. 839, 38 L.Ed.2d 74 (1973) and 94 S.Ct. 104, 414 U.S. 843, 38 L.Ed.2d 81 (1973). Most state constitutions do contain a guarantee similar to the federal guarantee. State court decisions construing the guarantee represent widely divergent points of view about the nature of the right to bear arms. Some states have taken the position that the right to bear arms is a collective right to function as a state militia, but not a right to individually own firearms. U.S. v. Warin, 530 F.2d 103 (CA Ohio), cert. denied 96 S.Ct. 3168, 426 U.S. 948, 49 L.Ed.2d 1185 (1976); Commonwealth v. Davis, 343 N.E.2d 845 (Mass 1976); Salina v. Blaksley, 83 P. 619 (Kansas 1905); People ex rel. Leo v. Hill, 27 N.E. 789 (New York 1891); Aymette v. State, 21 Tenn 154 (1840). On the other hand, the right has been construed to allow the private ownership of arms customarily kept by law abiding citizens. State v. Hart, 157 P.2d 72 (Idaho 1945); People v. Brown, 235 N.W. 245 (Michigan 1931); Kerner v. State, 107 S.E. 222 (North Carolina 1921).

While it is undoubtedly true that the particular language of a state's constitution will affect the construction of the right to bear arms, it must be noted that even language that closely follows the federal wording of the Second Amendment and contains references to the need for a militia has been construed in some states as a guarantee of the right of individuals to own firearms for lawful purposes. For your information I have included a copy of State v. Dawson, 159 S.E.2d 1 (North Carolina 1968) which construes a constitutional provision to include a guarantee of the right of an individual to own firearms for lawful purposes, even though the provision appears to be narrower than that contained in the Alaska Constitution. It may be that, should the question be presented, the court will construe the Alaska guarantee in the same way. I cannot find, however, an indication that

Senator Patrick M. Rodey
Page 3
April 14, 1983

the framers of the state constitution contemplated the right to bear arms as being any greater than that right as it exists under the federal constitution. One commentator notes generally that ". . . efforts . . . to strengthen guarantees of individual freedoms were not successful". Fischer, Alaska's Constitutional Convention, 1975, page 70.

The letter that you attached with your request refers to a new amendment to the Constitution of New Hampshire which guarantees the right of private ownership of guns. I have included a copy of that amendment for your consideration. It is interesting to note that Senator Conley in moving that amendment believed it to be a ". . . similar provision to that of the federal Constitution." (Senate Journal 21, April, 1981). If the federal Constitution does not in fact guarantee a private right to bear arms, one wonders what is being accomplished with the language added to the Constitution of New Hampshire. It does, however, appear more clearly applicable to the question of individual ownership of arms than the Second Amendment of the federal constitution.

In concluding I must stress that until the Supreme Court of Alaska construes Article I, section 19 of the state constitution, it cannot be determined whether it is necessary to amend the Alaska Constitution to insure that an individual has the right to keep and bear arms for lawful purposes. An amendment might make this interpretation of the right to bear arms more likely to be applied in Alaska.

TBC:ljb

Enclosure
14/023

SB 142, relative to the enforcement powers of agents of the liquor commission. Inexpedient to legislate. Sen. Brown for the committee.

SEN. BROWN: SB 142 is written by the liquor inspectors. They want the same powers that the county sheriff would have. They want to be authorized to carry firearms. It was testified that the main purpose was that they wanted to get into Group II which is considered a hazardous group which gives them more protection. The Liquor Commission testified that the Commission now has the right to provide them a firearm if necessary. It was also testified by numerous people that they are not supposed to get involved in violence but to see that the licenses are posted correctly, that the dues are paid and he doesn't need a gun to do that sort of thing. The committee found it inexpedient to legislate.

Adopted.

CACR 6, relative to the right to bear arms. Ought to pass. Sen. Conley for the committee.

Senator Conley moved a floor amendment.

SEN. CONLEY: The amendment which is put on the table this morning is the result of perusal of this bill just before coming to the floor today. We found that Legislative Services has again made an error in the bill and this corrects the error in it so that the wording is appropriate for the change in the Constitution. This Constitutional amendment reaffirms that all persons have the right to keep and bear arms in defense of themselves, their family, their property, and the state. It simply spells out that we believe that the New Hampshire Constitution should have a similar provision to that of the federal Constitution. The federal courts, on several occasions, have interpreted the Second Amendment as imposing a limitation on the national government only and therefore does not speak to the States' rights. Thirty-seven states have Constitutional provisions guaranteeing the right to bear arms. Thirteen states have no Constitutional provisions and in the New England states only the state of New Hampshire has no such provision. This subject matter ap-

peared on a ballot in the year 1978 and narrowly missed passage. 160,628 people believe that we should amend the Constitution and 87,807 voted no. In other words, we had a 65% vote where we needed a 66-2/3% vote. When that many people favor a proposition I believe we ought to give them the right once again to support the inclusion of the right to bear arms in our State Constitution. I would hope that the Senate goes on record as supporting this amendment to our state Constitution as amended here in this constitutional amendment.

Amendment to CACR 6

Amend article 2-a, part first, as inserted by paragraph I of the resolution by striking out same and inserting in place thereof the following:

[Art.] 2-a. [The Bearing of Arms.] All persons have the right to keep and bear arms in defense of themselves, their families, their property and the state.

Amendment adopted.

Roll Call.

The following Senators voted yes: Lamontagne, Conley, Freese, Hough, Bergeron, Chandler, Wiggins, Monier, Blaisdell, Stabile, Boyer, Kelly, Podles, Sanborn, Stephen, Brown, Champagne, Lessard, Roy, and Preston.

The following Senators voted no: Rice, and Splaine.

20 yeas 2 nays

Ordered to third reading by necessary 2/3 vote.

SB 246, relative to the use of force in defense of premises. Ought to pass. Sen. Conley for the committee.

SEN. CONLEY: SB 246 was heard in committee and the vote of ought to pass was unanimous. This bill clarifies existing law and broadens the right to use deadly force in defense of a person's home. Our clear intent in filing this bill is to provide a protective statute for homeowners attacked in

MEMORANDUM

TO: Theodore A. Lattanzio

FROM: Bob Dowlut

BD → 6345
202 828 6366 Lou Brune

RE: Nebraska's Proposed Guarantee to Keep and Bear Arms

DATE: November 14, 1985

I suggest the following language be employed:

The right of all citizens to keep and bear arms for the defense of their person, family, property, and the state, and for lawful hunting, recreational, and other lawful purposes, shall not be infringed by the state or any subdivision thereof.

The above language tracks the North Dakota constitutional guarantee. I suggest that Nebraska follow the language of North Dakota's guarantee to keep and bear arms because following the language of a sister state assuages fears. There are two minor deviations from the North Dakota guarantee. The use of the term citizen means that the right is only guaranteed to persons who have the right to exercise all political and civil rights of citizenship, such as the right to vote, enter into a contract, and enjoy the liberty to travel. Prisoners, convicted felons, lunatics, and infants are not entitled to the full rights guaranteed to a citizen. This should fend off the usual alarmist rhetoric. Furthermore, the admonition that the right to keep and bear arms may not be infringed by the state or any subdivision thereof achieves the desired goal of preemption.

The right to keep and bear arms to defend property may cause a staccato of shrill shrieks from opponents who will claim that this sanctions the use of deadly force against trespassers and tricycle thieves. Therefore, the reference to property may be substituted with the word home in the event such a move becomes necessary or advantageous.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Bill Sheffield, Governor

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

June 27, 1983

The Honorable Patrick M. Rodey
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: SJR-28
A. G. #366-444-83

Dear Senator Rodey:

The Department of Law has completed a preliminary analysis of Senate Joint Resolution 28 regarding the proposed amendment to the Alaska Constitution pertaining to the right of a person to keep and bear arms.

You may wish to consider inserting the word "lawful" after the term "for" and before the word "defense". With this insertion, the new constitutional clause would read as follows:

The right of a person to keep and bear arms for lawful defense of self, home and property, or for lawful hunting and recreational use, or for other lawful purposes shall not be infringed.

I believe it would be wise to make explicit that the Constitution provides for lawful activities, which of course are established by the legislature. In the absence of the term "lawful", I can envision a situation where persons attempt to use the constitutional language as a defense to behavior which ordinarily would constitute a violation of the Alaska criminal statutes. Also, I'm not sure the explicit mention of lawful hunting, recreational use and other specific activities is necessary to insure that individuals have a guaranteed right to keep and bear arms, however, I realize this language may be reassuring to certain groups within our state.

* You may wish to review the language in other state Constitutions which relates directly to the right to keep and bear arms. In many instances this right is explicitly characterized as an individual right without mentioning specifically what constitutes appropriate use by an individual citizen. The

constitutional clauses relating to arms from the thirty-seven states which have such constitutional language are as follows:

Alabama: That every citizen has a right to bear arms in defense of himself and the state. ALA. CONST. art I, §26.

Alaska: A well-regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed. ALASKA CONST. art. I, § 19.

Arizona: The right of the individual citizen to bear arms in defense of himself or the State shall not be impaired, but nothing in this section shall be construed as authorizing individuals or corporations to organize, maintain, or employ an armed body of men. ARIZ. CONST. art. II, § 26.

Arkansas: The citizens of this State shall have the right to keep and bear arms for their common defense. ARK. CONST. art. II, § 5.

Colorado: The right of no person to keep and bear arms in defense of his home, person and property, or in aid of the civil power when thereto legally summoned, shall be called in question; but nothing herein contained shall be construed to justify the practice of carrying concealed weapons. COLO. CONST. art. II, § 13.

Connecticut: Every citizen has a right to bear arms in defense of himself and the state. CONN. CONST. art. I, § 15.

Florida: The right of the people to keep and bear arms in defense of themselves and of the lawful authority of the state shall not be infringed, except that the manner of bearing arms may be regulated by law. FLA. CONST. art. I, § 8.

Georgia: The right of the people to keep and bear arms, shall not be infringed, but the General Assembly shall have power to prescribe the manner in which arms may be borne. GA. CONST. art I, § 1.

Hawaii: A well regulated militia being necessary to the security of a free state, the right of the people to keep and bear arms shall not be infringed. HAWAII CONST. art I, § 15.

Idaho: The people have the right to keep and bear arms, which right shall not be abridged; but this provision shall not prevent the passage of laws to govern the carrying of weapons concealed on the person nor prevent passage of legislation

providing minimum sentences for crimes committed while in possession of a firearm, nor prevent the passage of legislation providing penalties for the possession of firearms by a convicted felon, nor prevent the passage of any legislation punishing the use of a firearm. No law shall impose licensure, registration or special taxation on the ownership or possession of firearms, except those actually used in the commission of a felony. IDAHO CONST. art. I, § 11.

Illinois: Subject only to the police power, the right of the individual citizen to keep and bear arms shall not be infringed. ILL. CONST. art. I, § 22.

Indiana: The people shall have a right to bear arms, for the defense of themselves and the State. IND. CONST. art I, § 32.

Kansas: The people have the right to bear arms for their defense and security; but standing armies, in time of peace, are dangerous to liberty, and shall not be tolerated, and the military shall be in strict subordination to the civil power. KAN. CONST., Bill of Rights, § 4.

Kentucky: All men are, by nature, free and equal, and have certain inherent and inalienable rights, among which may be reckoned: ...The right to bear arms in defense of themselves and of the State, subject to the power of the General Assembly to enact laws to prevent persons from carrying concealed weapons. KY. CONST. § 1.

Louisiana: The right of each citizen to keep and bear arms shall not be abridged, but this provision shall not prevent the passage of laws to prohibit the carrying of weapons concealed on the person. LA. CONST. art. I, § 4.

Maine: Every citizen has the right to keep and bear arms for the common defense; and this right shall never be questioned. ME. CONST. art I, § 16.

Massachusetts: The people have a right to keep and bear arms for the common defence. And as, in times of peace, armies are dangerous to liberty, they ought not to be maintained without the consent of the legislature; and the military power shall always be held in an exact subordination to the civil authority, and be governed by it. MASS. CONST. pt. 1, art. 17.

Michigan: Every person has a right to keep and bear arms for the defense of himself and the state. MICH. CONST. art I, § 6.

Mississippi: The right of every citizen to keep and bear arms in defense of his home, person, or property, or in aid of the civil power where thereto legally summoned, shall not be called question, but the legislature may regulate or forbid carrying concealed weapons. MISS. CONST. art. III, § 12.

Missouri: That the right of every citizen to keep and bear arms in defense of his home, person and property, or when lawfully summoned in aid of the civil power, shall not be questioned; but this shall not justify the wearing of concealed weapons. MO. CONST. art I, § 23.

Montana: The right of any person to keep or bear arms in defense of his own home, person, and property, or in aid of the civil power when thereto legally summoned, shall not be called in question, but nothing herein contained shall be held to permit the carrying of concealed weapons. MONT. CONST. art II, § 12.

New Mexico: No law shall abridge the right of the citizen to keep and bear arms for security and defense, for lawful hunting and recreation use and for other lawful purposes, but nothing herein shall be held to permit the carrying of concealed weapons. N.M. CONST. art. II, § 6.

North Carolina: A well regulated militia being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed; and, as standing armies in time of peace are dangerous to liberty, they shall not be maintained, and the military shall be kept under strict subordination to, and governed by, the civil power. Nothing herein shall justify the practice of carrying concealed weapons, or prevent the General Assembly from enacting penal statutes against that practice. N.C. CONST. art. I, § 30.

Ohio: The people have the right to bear arms for their defense and security; but standing armies, in time of peace, are dangerous to liberty, and shall not be kept up; and the military shall be in strict subordination to the civil power. OHIO CONST. art I, § 4.

Oklahoma: The right of a citizen to keep and bear arms in defense of his home, person, or property, or in aid of the civil power, when thereunto legally summoned, shall never be prohibited; but nothing herein contained shall prevent the Legislature from regulating the carrying of weapons. OKLA. CONST. art. II, § 26.

Oregon: The people shall have the right to bear arms for the defense of themselves, and the State, but the Military shall be kept in strict subordination to the civil power. OR. CONST. art. I, § 27.

Pennsylvania: The right of the citizens to bear arms in defence of themselves and the State shall not be questioned. PA. CONST. art. I, § 22.

South Carolina: A well regulated militia being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed. As, in times of peace, armies are dangerous to liberty, they shall not be maintained without the consent of the General Assembly. The military power of the State shall always be held in subordination to the civil authority and be governed by it. No soldier shall in time of peace be quartered in any house without the consent of the owner not in time of war but in the manner prescribed by law. S.C. CONST. art I, § 20.

South Dakota: The right of the citizens to bear arms in defense of themselves and the state shall not be denied. S.D. CONST. art. VI, § 24.

Tennessee: That the citizens of this State have a right to keep and to bear arms for their common defense; but the Legislature shall have power, by law, to regulate the wearing of arms with a view to prevent crime. TENN. CONST. art. I, § 26.

Texas: Every citizen shall have the right to keep and bear arms in the lawful defence of himself or the State; but the Legislature shall have power, by law, to regulate the wearing of arms, with a view to prevent crime. TEX. CONST. art. I, § 23.

Utah: The people have the right to bear arms for their security and defense, but the Legislature may regulate the exercise of this right by law. UTAH CONST. art. I, § 6.

Vermont: That the people have a right to bear arms for the defence of themselves and the State-and as standing armies in time of peace are dangerous to liberty, they ought not to be kept up; and that the military should b kept under strict subordination to and governed by the civil power. VT. CONST. ch. 1, art. 16.

Virginia: That a well regulated militia, composed of the body of the people, trained to arms, is the proper, natural, and safe defense of a free state, therefore, the right of the

people to keep and bear arms shall not be infringed; that standing armies, in time of peace, should be avoided as dangerous to liberty; and that all cases the military should be under strict subordination to, and governed by, the civil power. VA. CONST. art. I, § 13.

Washington: The right of the individual citizen to bear arms in defense of himself, or the state, shall not be impaired, but nothing in this section shall be construed as authorizing individuals or corporations to organize, maintain, or employ an armed body of men. WASH. CONST. art. I, § 24.

Wyoming: The right of citizens to bear arms in defense of themselves and of the state shall not be denied. WYO. CONST. art I, § 24.

In addition, thirteen states do not have express constitutional provisions related to the right to keep and bear arms.

I would be happy to discuss this matter with you in more detail.

Sincerely,



Norman C. Gorsuch
Attorney General

NCG:ml

Distribution of
identical letter:

The Honorable Jalmar M. Kerttula
Alaska State Senate

The Honorable Rick Halford
Alaska State Senate

The Honorable Don Bennett
Alaska State Senate

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4545

TONY KNOWLES
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

February 25, 1985

TO: Members of the Senate Judiciary Committee

Re: Senate Joint Resolution No. 39

The proposed amendment to Article I, Section 19 of the State Constitution set forth in Senate Joint Resolution No. 39 could, in its original form, preclude the regulation of conduct which has traditionally been considered to be criminal. Of particular concern is the clause beginning on line 15 which specifies "...personal defense and for the defense of family, property...". This provision could be read to invalidate all existing state and municipal laws governing the use of firearms for self-defense and the defense of property. Historically, the right to use firearms to protect self, family, and property has been curtailed. The amendment in its present form would cast doubt on the viability of continued regulation of such items.

The amendment, in its present form, would also have the likely affect of nullifying state and municipalities laws regulating the possession of firearms. This is because of the deletion of provisions referencing a "well regulated militia." Historically, the courts have interpreted that phrase as creating not a personal right to bear arms, but rather a right of the state to maintain a militia. The deletion of that phrase would cast doubt on the validity of all previous court decisions pertaining to the interpretation of section 19, and a similar provision of the Federal Constitution. With the deletion of that body of law, the phrase "shall not be infringed" would take on a whole new meaning. Thus, the state and local governments could lose the ability to regulate such activities as the carrying of concealed weapons and the obliteration of serial numbers on firearms.

The provision could easily be amended so as to affirm the right of the individual to own and possess firearms (as opposed to the right of the state to maintain a militia) without precluding the Legislature's ability to prescribe certain conduct with respect

February 25, 1986


Page 2

to the use and possession of deadly weapons. First, I would propose a change to line 15 whereby the term "personal" would be replaced by "lawful" and the phrase "and for the defense" be replaced by the phrase "of self". In addition, line 17 should be changed by adding language after the term "city" which would read "...except that the manner in which arms are possessed may be subject to reasonable regulations designed to protect the public safety".

In addition, if the Committee's intent is merely to establish a personal right to the ownership and possession of firearms and not to overturn existing laws governing the use of firearms, then such intent should be plainly set forth in a permanent report that will serve in the future to guide the courts. Furthermore, if the additional language I have suggested is added to the amendment, the Committee report should clarify the Committee's intent by specifying that the ability of state and local government to impose reasonable regulations on the possession of firearms would include laws curtailing the possession of concealed weapons or weapons that have altered identification marks, but would not include the right of the state or local government to enact an outright ban on the ownership or possession of arms.

Very truly yours,

DEPARTMENT OF LAW



Jerry Wertzbaugher
Municipal Attorney

JW:gml

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THIS IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2028286375 TDMT WASHINGTON DC 432 04-19 1037A EST
PMS HONORABLE VIC FISCHER, ALASKA STATE LEGISLATURE
POUCH V (MS 3100)
JUNEAU AK 99811
DEAR SENATOR FISCHER,

WE WANTED TO TAKE THIS OPPORTUNITY TO DISCUSS THE PROPOSED
CONSTITUTIONAL AMENDMENT FOR THE RIGHT TO KEEP AND BEAR ARMS WHICH IS
CURRENTLY BEING CONSIDERED BY YOUR COMMITTEE.

SENATE JOINT RESOLUTION #28, SPONSORED BY SENATORS PAT RODEY, JAY
KERTTULA, DON BENNETT AND RICK HALFORD, WILL AFFIRM AN INDIVIDUAL
RIGHT TO KEEP AND BEAR ARMS AND WILL CLEARLY SPECIFY THAT THE RIGHT
TO KEEP AND BEAR ARMS EXTENDS TO: "THE DEFENSE OF SELF, HOME AND
PROPERTY, OR FOR LAWFUL HUNTING AND RECREATIONAL USE, OR FOR OTHER
LAWFUL PURPOSES.

AS ONE OF THE ORIGINAL FRAMERS OF THE ALASKAN CONSTITUTIONAL
PROVISION FOR THE RIGHT TO KEEP AND BEAR ARMS IN ALASKA, WE VERY MUCH
APPRECIATE YOUR EFFORTS IN THE 1955 CONSTITUTIONAL CONVENTION IN THE
LAST TERRITORIAL LEGISLATURE IN 1956.

OUR DESIRE TO ASSIST SENATORS RODEY, KERTTULA BENNETT AND HALFORD IN
STRENGTHENING THE "INDIVIDUALS" RIGHT TO BEAR ARMS PROVISION IS BASED
ON OUR CONCERN THAT SOME HAVE FORGOTTEN THE INTENTION OF YOUR
ORIGINAL PROVISION.

MANY OF OUR ALASKAN MEMBERS VOICE CONCERN WHEN ATTORNEY GENERAL
NORMAN C GORSUCH RELEASED AN APRIL 13, 1983, OPINION ON THE MEANING
OF ARTICLE 1, SECTION 19 OF THE ALASKA CONSTITUTION.

THE OPINION, FIRST SENT TO SENATOR PAT RODEY AND REPRESENTATIVE
CHARLIE BUSSELL NOTED THAT: "THE MODERN JUDICIAL VIEW HAS
INCREASINGLY FOUND THAT THE GUARANTEED RIGHT TO KEEP AND BEAR ARMS IS
NOT AN INDIVIDUALLY PROTECTED RIGHT, BUT RATHER A COLLECTIVE RIGHT
WHICH ALLOWS THE PEOPLE OF THE VARIOUS STATES TO SERVE IN A MILITIA."

THE EFFORTS OF OUR ALASKAN MEMBERS TO STRENGTHEN THE RIGHT TO KEEP
AND BEAR ARMS PROVISION OF THE CONSTITUTION WAS MOTIVATED BY THE
TO REPLY BY MAILGRAM MESSAGE. SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

Western Union Mailgram

NUMEROUS STATES THROUGHOUT THE UNITED STATES WHERE LAW-ABIDING GUN OWNERS HAVE SOUGHT TO EMPHASIZE THAT THE RIGHT TO BEAR ARMS IS AN INDIVIDUAL RIGHT.

AS MORE AND MORE COMMUNITIES ATTEMPT TO ENACT RESTRICTIVE GUN CONTROL ORDINANCES, LAW-ABIDING FIREARMS OWNERS ARE ATTEMPTING TO OFFSET THIS PATTERN THROUGH THE PASSAGE OF CONSTITUTIONAL REFORMS.

IDAHO PASSED SUCH REFORM LEGISLATION IN 1979. IN 1982 THE STATES OF NEW HAMPSHIRE AND NEVADA PASSED SIMILAR AMENDMENTS BY OVERWHELMING PERCENTAGES, AND UTAH VOTERS WILL BE VOTING ON A STRENGTHENED AMENDMENT THIS FALL.

THE ATTORNEY GENERAL'S OPIONION HAS CAUSED CONCERN AMONG OUR MEMBERSHIP WHO FELT THAT WE COULD HELP PROTECT THE RIGHTS WHICH ALASKANS HOLD DEAR TO THEM BY INCLUDING LANGUAGE WHICH SPECIFICALLY EXTENDS TO PROTECTION BY SELF-DEFENSE AND LAWFUL HUNTING/RECREATION USE AND OTHER LAWFUL PURPOSES.

WE HOPE THAT THROUGH THE AMENDATORY LANGUAGE CONTAINED IN SENATE JOINT RESOLUTION #28, THE RIGHTS WHICH YOU SOUGHT TO PROTECT IN 1955 WILL BE FURTHER PROTECTED FOR A FUTURE GENERATION OF ALASKANS.

SINCERELY,
LOUIS J BRUNE III STATE LIAISON

10:38 EST

MGMCOMP



NATIONAL RIFLE ASSOCIATION OF AMERICA
INCORPORATED 1871

1600 RHODE ISLAND AVENUE, N.W.
WASHINGTON, D.C. 20036

RUPE ANDREWS
FIELD REPRESENTATIVE
ALASKA

9416 LONGRUN DRIVE
JUNEAU AK 99801
907/789-7422

May 2, 1984

Senator Vic Fischer, Chairman
Alaska Senate State Affairs Committee
Alaska State Legislature

Dear Senator Fischer:

The following is testimony prepared for the official record of the State Affairs Committee.

Mr. Chairman, members of the Senate State Affairs Committee, my name is Rupe Andrews. I am the Alaska Field Representative for the National Rifle Association of America and as such I am expressing the collective concerns of 19,000 Alaska members. My purpose today is to speak in favor of SJR 28 and to urge your favorable consideration of this resolution.

The reasons for NRA support of SJR 28 are several, not the least is the overwhelming desire of Alaskans to own and bear arms for the defense of self, home and property and for the lawful use of firearms for hunting, recreational shooting or for other lawful purposes. As it stands now, the individual right of Alaskans to bear firearms for the above purposes may be endangered and/or ambiguous in light of recent legal opinions.

Our concern and interest in the passage of SJR 28 stems primarily from the Alaska Attorney General's opinion released April 13, 1983 on the meaning of Article 1. Section 19 of the Alaska Constitution.

The opinion, first sent to Senator Pat Rodey and Representative Charlie Bussel noted that: "The modern judicial view has increasingly found that the guaranteed right to keep and bear arms is not an individually protected right, but rather a collective right which allows the people of the various states to serve in a militia."

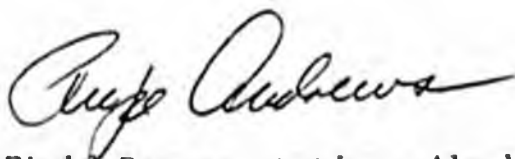
The very concept of a Declaration of Rights in Article 1 in the Alaska Constitution is to protect individual liberties.

The Alaska arms guarantee was not enacted to grant the state the right to have a militia or to protect a nebulous collective right by the people to bear arms. The U.S. Supreme Court has held that the state's power to legislate on militia matters existed prior to the formation of the federal constitution and remains with the states. Houston v. Moore, 18 U.S., 16-17 (1820). Various Supreme Court cases decided long before Alaska became a state, clearly demonstrate that a state has the inherent power to have a militia and to train a militia. This power in no way depends on a state constitutional guarantee. The framers of the Alaska Constitution were undoubtedly aware of this jurisprudential principle and thus in our opinion would not have cluttered up the Alaska Declaration of Rights with an impotent and useless guarantee.

Research has revealed that in this instance there is no written history of intent by the Constitutional framers on the right to bear arms. It is therefore assumed that when the Constitution was framed, the framers and the people who voted approval of the Constitution took for granted what appeared to be obvious—that of the right to own and bear arms for all lawful purposes including hunting and recreational shooting. The constitutional framers some 26 years ago could hardly foresee the disturbing trend that is developing in several parts of the country and especially with the 1983 Alaska Attorney General's opinion. The conclusion reached by many Alaskans from reading the Attorney General's opinion and learning that there is no written intent pertaining to Article 1, Section 19; there is no individual guarantee for the right of self defense, hunting or recreational shooting provided by the constitution.

Alaska is not alone in having a constitutional provision that tracks the language of the federal constitution. Hawaii, Virginia North and South Carolina follow the 2nd Amendment. However, the constitutions of 39 other states contain a right to bear arms guarantee. These states wisely decided on a constitutional guarantee that removes any ambiguous decision making and state in language that the lay citizen can clearly understand as the individual right to bear arms for self defense of self, property, and recreational use for hunting and shooting.

Amending Article 1, Section 19 of the Alaska Constitution will ensure firearm owners in the future that their rights are protected as well as end any potential for ambiguity.



Field Representative, Alaska

HJR

12

HOUSE COMMITTEE REPORT

2/10

Date Referred: January 12, 1989

FURTHER REFERRALS: JUDICIARY

Date of Committee Action: _____

added 2/10 Finance
HIR 12

The STATE AFFAIRS Committee recommends that:

HOUSE JOINT RESOLUTION NO.12 [LEGISLATIVE CONFIRMATION:PUB.CORP.BOARD]
Proposing an amendment to the Constitution of the State of Alaska relating to legislative confirmation of the board members of public corporations of the state.

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the Finance Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact *Elections*
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

MEYERD

DONLEY

BOUCHER

MACLEAN

No Rec HANLEY

No Rec ZAWACKI

No Rec SPORNHOLZ

Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: 12/8/89 Agency Affected: Office of the Governor
 Title: Amend to Constitution - Legislative Confirmation of members of public Corp. BRU: Division of Elections
 Sponsor: Labor and Commerce Committee Components: II Elections
 Requestor: Labor and Commerce Committee Primary & General Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2*	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 pages in each Official Elections Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes. (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611
 Division: Division of Elections Date: 12/8/89
 Approved by Commissioner: [Signature] (Acting) Date: 12.11.89
 Agency: Division of Elections

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 12

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

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



RECEIVED

February 10, 1989

MEMORANDUM

To: Representative Peter Goll, Co-Chair
Representative Max Gruenberg, Co-Chair
House Judiciary Committee

From: Representative Dave Donley, Chair *DB*
House Labor and Commerce Committee

Re: Request for hearing - HJR 12

I am writing to request that you schedule HJR 12, a measure providing for legislative confirmation of appointments to public corporations, for a hearing before the House Judiciary Committee at your earliest convenience.

HJR 12 proposes an amendment to Alaska's Constitution, to be placed before the voters in the 1990 General election, to specifically require legislative confirmation for appointments to public corporations. A referral file explaining the purposes behind the bill is attached.

Please call Colette Jensen or Ginger Baim at 4954 if you have any questions or need additional information.

KATHY

TABLE OF CONTENTS

HJR 12: Leg. Confirmation: Public Corporation Board

- Item 1:** HJR 12 by The Labor and Commerce Committee
- Item 2:** Fiscal Note and Analysis
- Item 3:** Memorandum from House Labor and Commerce
Committee, January 10, 1989

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF
HJR 12

Legislative Confirmation: Public Corp. Board

Received January 12, 1989
by The Labor and Commerce Committee

Heard February 9, 1989

Passed Out of Committee February 9, 1989
4 Do Pass
3 No Recommendation

Item 2

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Amend. to Constitution - Legisla-
tive Confirmation of members of public corp.
Sponsor: Labor and Commerce Committee
Requestor: Labor and Commerce Committee

Agency Affected: Office of the Governor
BRU: Division of Elections
Components: I Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	-0-	2.2*	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	2.2*	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 pages in each Official Elections Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote (Continued)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Elections Date: _____

Approved by Commissioner: *Sandra Stout* Date: 2/7/89
Agency: Division of Elections

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 12

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

Item 3

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE
Chairman - Representative Dave Donley

P.O. BOX 11, JUNEAU 99811



January 10, 1989

MEMORANDUM

- To: Members, House Labor and Commerce Committee
- From: Representative Dave Donley, Chair
House Labor and Commerce Committee
- Re: Proposed Committee Legislation - Confirmation of
Appointments to Public Corporations

The enclosed draft bill, identical to HJR 67 of last year, proposes a ballot proposition to amend Alaska's Constitution to require legislative confirmation of appointments to public corporations.

The House Labor and Commerce Committee introduced HJR 67 in response to a court ruling that Alaska's Constitution does not require legislative confirmation of appointments to public corporations. Alaska's Constitution does require legislative confirmation of appointments to regulatory agencies. However, the founders of our Constitution did not anticipate the creation of public corporations and therefore did not specifically include them under the provisions regarding legislative confirmations.

The Committee was concerned that the proliferation of public corporations, coupled with the court's ruling, has left Alaskans without adequate safeguards to assure accountability of appointees to public agencies. These public corporations (see attached list) are responsible for millions of dollars of public money and have a huge impact on public policy decisions. In addition, most of these corporations deal with areas traditionally under the jurisdiction of the Labor and Commerce Committee.

It is clear that the founders of our constitution believed confirmation authority was an important and appropriate tool to assure public accountability by members of public agencies. This bill is simply an extension of that wisdom.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

Chairman-Representative Dave Donley


(907) 465-3892



April 30, 1988

M E M O R A N D U M

To: Senator Mitch Abood, Chair
Senate State Affairs Committee

From: Representative Dave Donley, Chair 
House Labor and Commerce Committee

Re: HJR 67 - Legislative Confirmation

HJR 67 proposes a ballot proposition to amend Alaska's Constitution to require legislative confirmation of appointments to public corporations.

The House Labor and Commerce Committee introduced HJR 67 in response to a court ruling that Alaska's Constitution does not require legislative confirmation of appointments to public corporations. Alaska's constitution does require legislative confirmation of appointments to regulatory agencies. However, the founders of our constitution did not anticipate the creation of public corporations in the future and therefore did not specifically include them under the provisions regarding legislative confirmation.

Our Committee was concerned that the proliferation of public corporations, coupled with the court's ruling, has left Alaskans without adequate safeguards to assure accountability of appointees to public agencies. These public corporations (see attached list) are responsible for millions of dollars of public money and have a huge impact on public policy decisions.

It is clear that the founders of our constitution believed confirmation authority was a critically important and appropriate tool to assure public accountability by members of public agencies. HJR 67 is simply an extension of that wisdom, and I urge your support for the measure.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
UNEAU ALASKA 99811
507 465 3800


MEMORANDUM

January 25, 1988

RECEIVED
JAN 25 1987

SUBJECT: Confirmation of the board members of state corporations (Work Order No. 5-1694)

TO: Representative Dave Donley

FROM: Richard A. Bradley
Legislative Counsel 

You have requested a constitutional amendment that would require the legislative confirmation of the members of certain state boards. Those that we identified when we spoke included the Alaska Railroad Corporation (AS 42.40.010); the Alaska Power Authority (AS 44.83.020); the Alaska State Housing Authority, now called the Alaska State Building Authority (AS 18.55.020, 18.55.030); the Alaska Housing Finance Corporation (AS 18.56.020), and the Alaska Public Offices Commission (AS 15.13.020).

All of the agencies except the Public Offices Commission are fairly described as "public corporations;" it is simply an agency of the state.

Certain other corporations that are presumably of interest and that get picked up in the description of a "public corporation" include

- (1) Alaska Student Loan Corporation (AS 14.42.100);
- (2) Alaska Seafood Marketing Institute (AS 16.51.010);
- (3) Alaska Medical Facility Authority (AS 18.26.010);
- (4) Medical Indemnity Corporation of Alaska (AS 21.88.020);
- (5) Alaska Resources Corporation (AS 37.12.010);

Representative Dave Donley
Page 2
January 25, 1988

- (6) Alaska Permanent Fund Corporation (AS 37.13.040);
- (7) Alaska Gas Pipeline Finance Authority (AS 44.82.010);
- (8) Alaska Municipal Bond Bank Authority
(AS 44.85.020); and
- (9) Alaska Industrial Development Authority
(AS 44.88.020).

Others may exist. The computer search that I did of "public corporation" failed to identify the Alaska State Building Authority because it is a "public corporate authority".

At this point, since the governor seems to think that the members of the Alaska Public Offices Commission are subject to confirmation by the legislature--see his SSSB 241-- there may be no difficulty in not dealing with that issue. And my earlier opinion on that question may be wrong; I could be persuaded.

If I may be of further assistance, please advise.

RAB:gc
WKG1:047



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P. O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

July 8, 1988

MEMORANDUM

TO: Representative Dave Donley

FROM: Sandi Depue *Sandi*
Administrative Officer

RE: Legislative Confirmation of Appointments to Public Corporations
in Other States
Research Request 88.260

You requested a listing of all public corporations in Alaska. You also asked whether or not legislative confirmation of appointments to public corporations is required in other states.

Whether or not a state requires legislative confirmation of appointments to public corporations depends on how the statutes creating the corporation are written. It is not possible to make a general statement that a particular state does or does not require legislative confirmation of appointments without reviewing the statutes for every public corporation in that state. I was unable to locate a comprehensive listing of public corporations in other states; consequently, I identified a sample of 25 corporations in 21 states and reviewed the statutes for each.¹ Fifteen of the sampled 25 public corporations require legislative confirmation of appointments. The requirement for legislative confirmation of appointments is not necessarily consistent within a state. For example, legislative confirmation is required for appointments to the Iowa Finance Authority but not for appointments to the Iowa State Fair Authority.

¹The Council of State Governments (CSG) and National Conference of State Legislatures (NCSL) were unable to provide a source for other states' public corporations. Public corporations are not indexed as a group in the statutes; each entity is listed under its own index heading. A CSG publication, State Administrative Officials Classified by Function 1987-88, was used to identify public corporations.

Representative Donley
July 8, 1988
Page 2

It should be noted that department commissioners often serve on the boards of public corporations. Alaska public corporations--where legislative confirmation of appointments is required--do not require confirmation of commissioners, but require confirmation of other members. Since commissioners are confirmed by the legislature, it may be understood that a part of the commissioner's job is to serve on these corporations as defined in statute.

A list of Alaska public corporations and their requirements for legislative confirmation of appointments is attached. Randy Welker, of the Budget and Audit Division, supplied me with the names of the corporations. He believes the list is complete. Public corporations are indexed in the Alaska statutes in the same manner as in other states; individually by corporation name under the appropriate subject matter.

I hope you find this information useful. If there are a few particular states about which you would like more information, I would be happy to provide further research. If you have any questions, please contact this agency.

Attachment

PUBLIC CORPORATIONS IN ALASKA

<u>Active Corporations</u>	<u>Legislative Confirmation Required</u>
Alaska Housing Finance Corporation	No
Alaska Industrial Development and Export Authority	No
Alaska Medical Facility Authority	No
Alaska Municipal Bond Bank Authority	Yes
Alaska Permanent Fund Corporation	No
Alaska Power Authority	Yes
Alaska Railroad Corporation	Yes
Alaska Resources Corporation	No
Alaska Seafood Marketing Institute	No
Alaska State Building Authority	Yes
Alaska Student Loan Corporation	No
Medical Indemnity Corporation of Alaska	Yes
 <u>Inactive Corporations</u>	
Capital City Development Corporation	Yes
Gas Pipeline Financing Authority	No ²
 <u>Other Corporations</u>	
Alaska Commercial Fishing & Agriculture Bank	No ³

²The board of the Gas Pipeline Financing Authority is composed only of department commissioners. No legislative confirmation is required in the statutes for the Authority, however confirmation of departmental commissioners is required upon taking office.

³Legislation adopted in 1981 removed the provision making the Commercial Fishing & Agriculture Bank a "public corporation." See House Research Agency Memorandum 83.224 for further information.

ACTION=>

PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
EXIT	MENU	TEXT	PRINT	BWD	FWD	CMT/JRNL	FIRST	LAST	QUIT	

BILL/RESOLUTION HISTORY

02:28 PM 11/01/88

PAGE 1

HJR 67
 HJR 67 AM
 LE:

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE STATE OF ALASKA RELATING TO LEGISLATIVE CONFIRMATION OF THE BOARD MEMBERS OF PUBLIC CORPORATIONS OF THE STATE.

THE SPONSOR: LABOR & COMMERCE COMMITTEE

CURRENT STATUS: (S) JUD
 THEN FIN

STATUS DATE: 05/06/88

ACTION=>

PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
EXIT	MENU	TEXT	PRINT	BWD	FWD	FIRST	LAST	QUIT		

67

BILL/RESOLUTION FLOOR ACTION
 CURRENT STATUS: (S) JUD

PAGE 2 OF 3

	JRN-DATE	JRN-PG		ACTION
1	02/26/88	2367	(H)	READ THE FIRST TIME - REFERRAL(S)
2	02/26/88	2367	(H)	STATE AFFAIRS THEN JUDICIARY
3	03/24/88	2690	(H)	STA RPT 5DP 1DNF 1NR
4	03/24/88	2690	(H)	ZERO FISCAL NOTE PUBLISHED 3/24/88
5	03/24/88	2690	(H)	FISCAL NOTE PUBLISHED 3/24/88
6	04/11/88	2881	(H)	JUD RPT 5DP
7	04/11/88	2881	(H)	FINANCE REFERRAL ADDED
8	04/14/88	2966	(H)	REFERRED BACK TO JUDICIARY
9	04/19/88	3018	(H)	JUD RPT 5DP 1NR
10	04/19/88	3018	(H)	ZERO FISCAL NOTE/ANALYSIS 4/19/88
11	04/19/88	3030	(H)	FIN REFERRAL WAIVED
12	04/20/88		(H)	RULES TO CALENDAR 4/20/88
13	04/20/88	3051	(H)	READ THE SECOND TIME
14	04/20/88	3051	(H)	ADVANCED TO THIRD READING UNAN CONSENT
15	04/20/88	3051	(H)	READ THE THIRD TIME HJR 67
16	04/20/88	3052	(H)	PASSED Y36 N2 X2
17	04/20/88	3052	(H)	GOLL NOTICE OF RECONSIDERATION
18	04/21/88	3075	(H)	RECON TAKEN UP - IN THIRD READING

ACTION=>

PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
EXIT	MENU	TEXT	PRINT	BWD	FWD	CMT/JRNL	FIRST	LAST	QUIT	

67

BILL/RESOLUTION FLOOR ACTION
 CURRENT STATUS: (S) JUD

PAGE 3 OF 3

	JRN-DATE	JRN-PG		ACTION
1	04/21/88	3075	(H)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
2	04/21/88	3075	(H)	AMENDMENT NO 1 BY GOLL
3	04/21/88	3075	(H)	AM NO 1 ADOPTED UNAN CONSENT
4	04/21/88	3076	(H)	PASSED ON RECON Y35 N2 X1 A2 HJR 67 AM
5	04/21/88	3079	(H)	TRANSMITTED TO (S)
6	04/22/88	3156	(S)	READ THE FIRST TIME - REFERRAL(S)
7	04/22/88	3156	(S)	STA, THEN JUD, FINANCE
8	05/06/88	3498	(S)	STA RPT 1DP 3NR
9	05/06/88	3498	(S)	REFERRED TO JUDICIARY

HJR

13

HJR 13: AMERADA HESS/DINKUM SANDS AMENDMENT

Section 2, Page 2, Line 3: Insert after "endowment."

The revenue allocated to the Permanent Fund under Section 15 from the settlement or final judicial determination of the Dinkum Sands case (United States v. Alaska) and the North Slope royalty case (State v. Amerada Hess, et. al.) shall be placed in the education endowment.

**HJR 13 AMENDMENT: INFLATION-PROOFING PRIORITY, CAP
DIVIDENDS at \$827 (GOLL)**

Replace existing section 19 with the following:

SECTION 19. DIVIDENDS. After January 1, 1991, permanent fund dividends shall be no more than \$827 annually per eligible resident.

SECTION 20. RESIDUAL DEPOSIT. After January 1, 1991, permanent fund earnings to offset the effect of inflation on the permanent fund principal shall be placed annually in the non-education portion of the principal. The amount of the deposit shall be the residual remaining of the annual earnings after the implementation of sections 18 and 19. Total earnings minus the forty percent deposit to the education endowment and minus the amount necessary for permanent fund dividends equals the residual amount to be placed in the non-education portion of the principal.

SECTION 21. EFFECTIVE PERIODS. Sections 18, 19, and 20 of this article are repealed July 1, 2005, unless the legislature, by the affirmative vote of a majority of the membership assembled in joint session, extends Sections 18, 19 and 20 for a period not beyond June 30, 2010. Sections 22, 23 and 24 become effective upon the repeal of sections 18, 19, and 20.

SECTION 22. INFLATION-PROOFING PRIORITY. All permanent fund earnings necessary to offset the effect of inflation on the non-education portion of the principal shall be placed annually in the non-education portion of the principal.

SECTION 23. DIVIDENDS. Per capita permanent fund dividends shall increase by no more than one percent annually.

SECTION 24. SURPLUS EARNINGS. All permanent fund earnings remaining after the distributions required under sections 22 and 23 shall be placed annually in the general fund.

-- Permanent Fund/Education Fund --

FY 1991-2005: \$PFD Capped At \$627, Savings To Non-Ed Principal

FY 2006-2015: Slow \$PFD Growth (1% Per Yr.), Inflation-Proofing
Priority, All Inflation-Proofing (Non-Ed Principal Only)
To Non-Ed Principal, All Surplus Earnings After
Distributions To General Fund

Forecast: DOR, 11/88
PF Status: 1/31/89
Earnings: 9%

Revenue: Low Case
Population: Low Case
Inflation: 6%

-- SUMMARY --

(Millions)

	Dividend		Surplus
FY	Savings		FY To GF
		06	0
91	23	07	20
92	14	08	41
93	33	09	65
94	53	10	89
95	77	11	116
96	87	12	145
97	96	13	176
98	105	14	206
99	114	15	244
2000	124		
01	134		
02	145		
03	155		
04	167		
05	178		

-- Permanent Fund/Education Fund --

FY 1991-2005: \$FPD Capped At \$827, Savings To Non-Ed Principal

FY 2006-2015: Slow \$FPD Growth (1% Per Yr.), Inflation-Proofing Priority, All Inflation-Proofing (Non-Ed Principal Only) To Non-Ed Principal, All Surplus Earnings After Distributions To General Fund

Forecast: DOR, 11/89
 PF Status: 1/31/89
 Earnings: 9%

Revenue: Low Case
 Population: Low Case
 Inflation: 6%

PRINCIPAL

INCOME

Y Start	Balance	Approp- rations	Dee'd State Rev's	FY END BALANCE					Inflation Proofing Shortfall	Net Income		Distributions					Reserves		FY
				Educ. Fund	Inflation Proofing	Non-Ed PF Total	Combined Total	Educ. Fund		Educ. Fund	Educ. Fund	Div- idends	Per Capita Dividends	Inflation Proofing	GF	Add (Delete)	FY End Balance		
80	8,585	0	184		361		9,119	0	823			466	\$838.20	361		15	806	80	
81	9,119	0	100		466		9,775	0	818			475	\$856.80	466		(122)	483	90	
82	9,775	0	83	184	614	184	10,471	(23)	971		184	448	\$827.00	614		(286)	198	91	
83	10,848	0	80	422	362	834	10,803	293	1,028	17	404	452	\$827.00	362		(198)	0	92	
84	11,528	0	86	470	164	1,117	11,133	533	1,091	87	412	456	\$827.00	164		0	0	93	
85	12,250	0	85	524	174	1,858	11,377	566	1,158	101	423	460	\$827.00	174		0	0	94	
86	13,033	0	81	582	186	2,258	11,825	602	1,232	148	433	465	\$827.00	185		0	0	95	
87	13,881	0	77	647	190	2,824	11,977	641	1,312	203	444	469	\$827.00	196		0	0	96	
88	14,801	0	74	717	208	3,887	12,133	685	1,398	262	454	473	\$827.00	208		0	0	97	
89	15,800	0	69	796	220	4,483	12,362	732	1,492	330	465	478	\$827.00	220		0	0	98	
90	16,884	0	65	880	232	5,408	12,653	785	1,594	404	475	482	\$827.00	232		0	0	99	
91	18,062	0	62	974	245	6,422	12,920	843	1,705	487	487	486	\$827.00	245		0	0	0	
92	19,342	0	58	1,077	258	7,544	13,191	906	1,826	578	498	491	\$827.00	258		0	0	1	
93	20,736	0	55	1,189	271	8,784	13,467	978	1,957	678	511	495	\$827.00	271		0	0	2	
94	22,251	0	51	1,314	286	10,154	13,748	1,053	2,099	791	524	500	\$827.00	286		0	0	3	
95	23,902	0	47	1,458	300	11,748	14,037	1,137	2,255	914	533	505	\$827.00	300	914	0	0	4	
96	24,785	0	43	1,610	313	13,358	14,334	1,177	2,338	1,067	548	509	\$827.00	313	1,067	0	0	5	
97	25,699	0	39	0	362	11,356	15,235	0	2,423	1,022	0	538	\$824.82	362	1,022	0	0	6	
98	26,590	0	35	0	916	11,356	16,186	0	2,508	1,022	0	549	\$833.06	916	1,042	0	0	7	
99	27,541	0	32	0	973	11,356	17,191	0	2,597	1,022	0	560	\$841.40	973	1,063	0	0	8	
00	28,546	0	29	0	1,033	11,356	18,253	0	2,692	1,022	0	572	\$849.81	1,033	1,087	0	0	9	
01	29,609	0	26	0	1,097	11,356	19,376	0	2,792	1,022	0	583	\$858.31	1,097	1,111	0	0	10	
02	30,732	0	24	0	1,164	11,356	20,564	0	2,897	1,022	0	595	\$866.80	1,164	1,138	0	0	11	
03	31,919	0	22	0	1,236	11,356	21,821	0	3,000	1,022	0	607	\$875.56	1,236	1,167	0	0	12	
04	33,178	0	20	0	1,310	11,356	23,151	0	3,129	1,022	0	620	\$884.32	1,310	1,196	0	0	13	
05	34,505	0	18	0	1,390	11,356	24,658	0	3,253	1,022	0	632	\$893.16	1,390	1,230	0	0	14	
06	35,914	0	16	0	1,475	11,356	26,049	0	3,385	1,022	0	645	\$902.00	1,475	1,268	0	0	15	
07	LS:	0	1,661	10,871	16,288	11,356	26,049	37,405	10,907	53,779	15,180	6,812	\$85,492	\$85,113.47	16,288	13,205	0		

FY 20015)

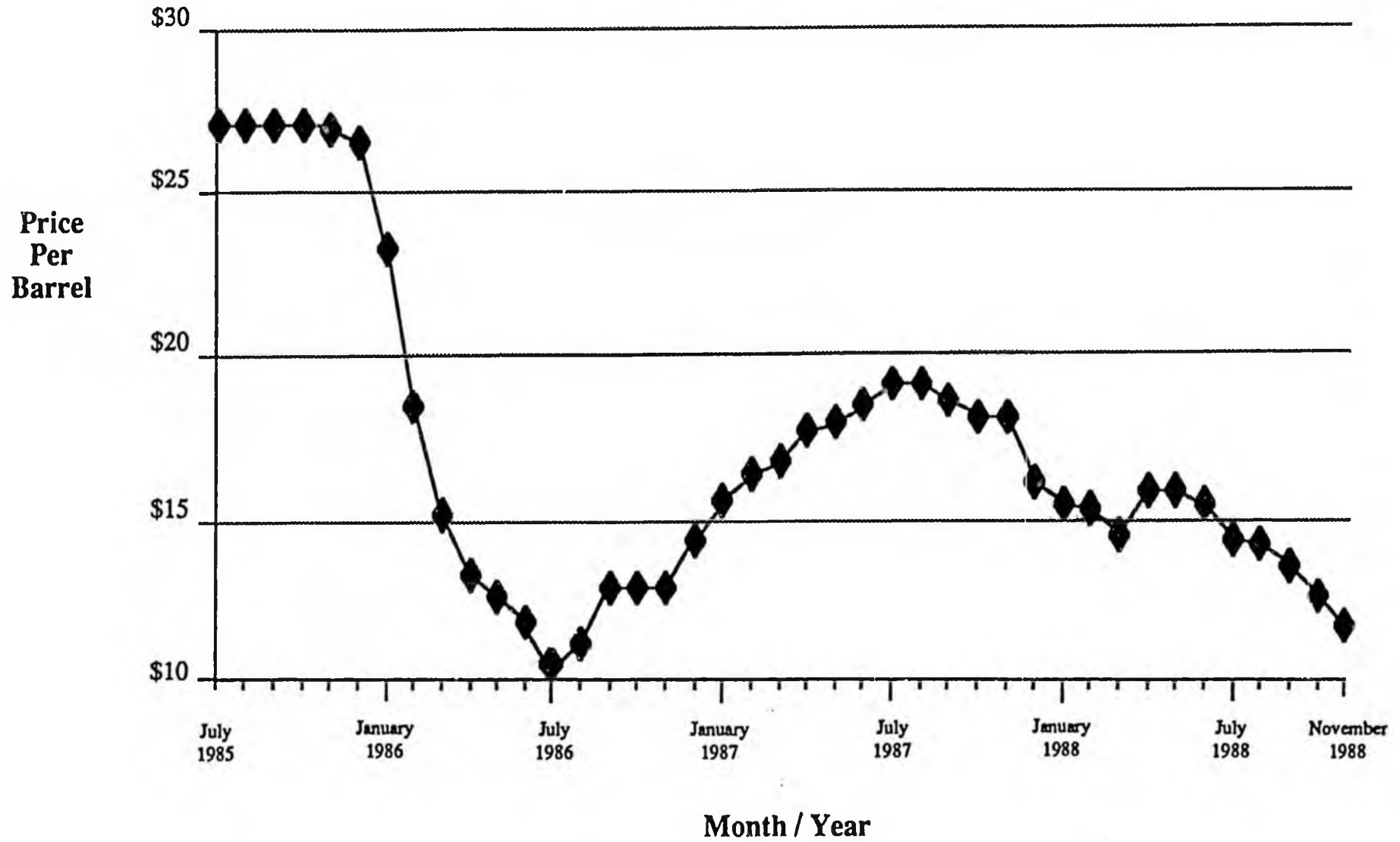
PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

HOUSE JOINT RESOLUTION NO. 13
EDUCATION AMENDMENT

BRIEFING PACKET

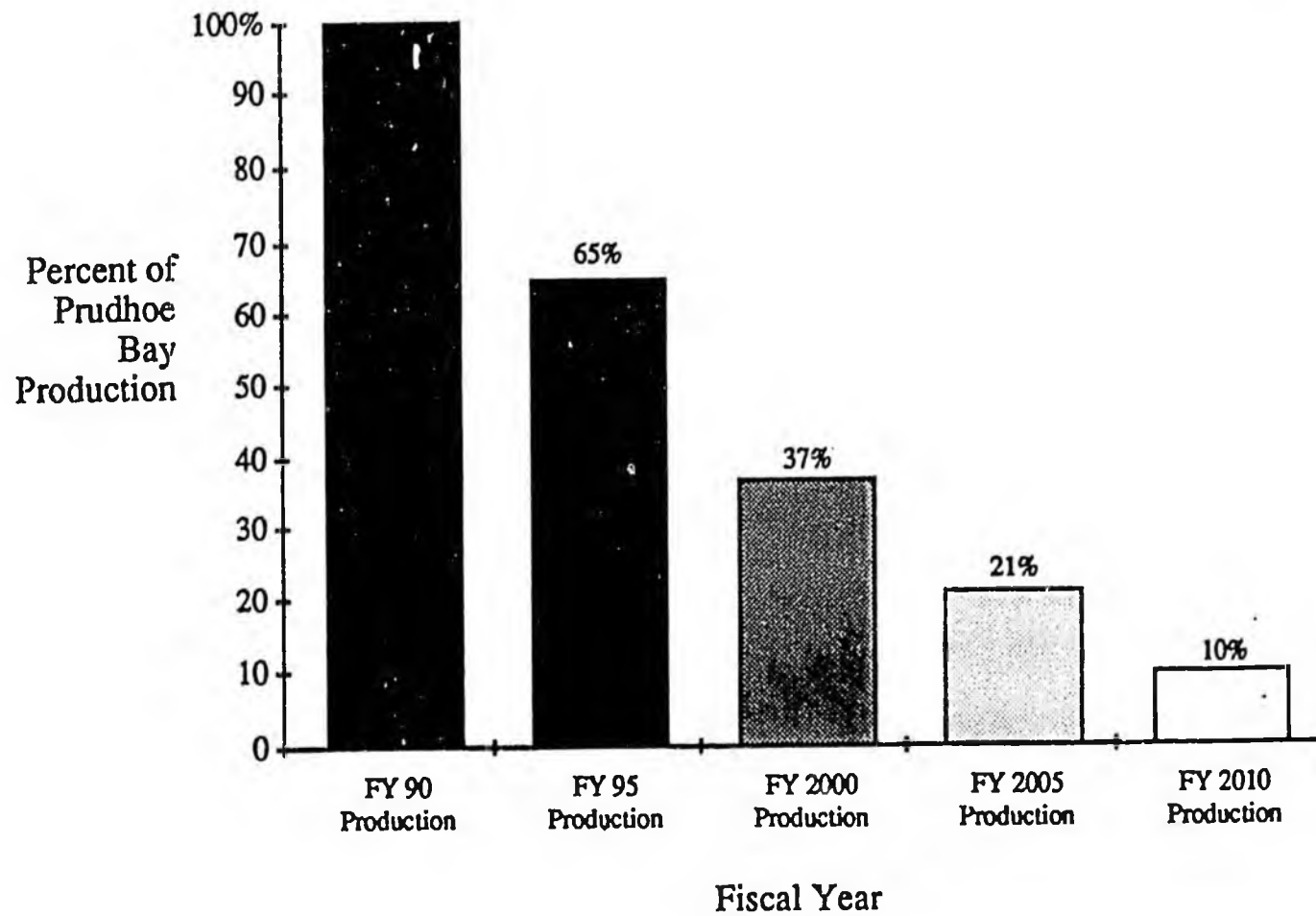
Office of the Governor,
Division of Policy
April 17, 1989

ANS Gulf Contract Prices, 1985-1988



Decline in Oil Production at Prudhoe Bay

(by percent, based on 100% production in FY 90)



**USE OF ONE-TIME MEASURES
TO BALANCE ALASKA'S BUDGET
(Millions of Dollars)**

FY 87

10% REDUCTION OPERATING PROGRAMS	\$ 194.0
ZERO OUT BUDGET RESERVE FUND	\$ 427.4
RAILBELT ENERGY FUND SOURCE CHANGE	\$ 50.0
LOAN PROGRAM CLOSEOUTS	\$ 19.7
CAPITAL PROJECT CLEAN-UP	\$ 86.0
SETTLEMENT PAYMENTS (TAPS, ARCO, 8-G)	\$ 70.5
LEASE BONUSES	\$.5
OTHER BACK TAX PAYMENTS	\$ 5.5
TOTAL ONE-TIME MEASURES	\$ 853.60

FY88

8-G/DINKUM SANDS PAYMENT	\$ 159.9
TAPS SETTLEMENT PAYMENT	\$ 2.1
CAPITAL PROJECT CLEAN-UP	\$ 22.3
LEASE BONUSES	\$ 5.5
OTHER BACK TAX PAYMENTS	\$ 10.9
TOTAL ONE-TIME MEASURES	\$ 200.7

FY 89

ARCO TAX SETTLEMENT	\$ 172.3
BOND FUND CLEAN-UP	\$ 4.7
LEASE BONUSES	\$ 20.7
OTHER BACK TAX PAYMENTS TO DATE	\$ 57.8
TOTAL ONE-TIME MEASURES YEAR-TO-DATE	\$ 255.5

Division of Policy 1/11/89

ALASKA SCHOOLS' FUNDING NEEDS

FY 1991 - FY 2015

Fiscal Year	Foundation	Plus Other Formula	Plus Formula and Debt
91	490	538	654
	496	546	662
	504	556	672
	512	566	682
95	522	578	686
	531	589	685
	535	596	669
	548	611	683
00	555	620	692
	560	628	692
	566	637	699
	570	644	693
05	575	651	698
	580	658	706
	585	667	715
	591	676	725
10	596	685	733
	602	694	743
	608	703	752
	614	712	762
15	619	722	774
	625	732	785
	631	742	797
	637	753	809
643	763	821	

Division Of Policy - 2/24/89
 (Based on Dept. of Education projections)
 [EDNEEDS4.XLS]

1/31/89

OPERATING AID TO SCHOOLS

(Millions of Dollars - Unrestricted General Fund)

	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89
Foundation Program	195	216	267	345	415	430	455	474	381	410	420
Formula Programs (1)	31	36	41	45	47	52	49	45	45	39	45
Reimbursement for School Construction Debt	22	24	38	39	56	94	95	105	116	109	109
TOTAL	248	276	346	429	518	576	599	624	542	558	574
Total Operating Budget	837	959	1364	1706	1898	1958	2110	2116	1844	1912	1981
Percent of Total Operating Budget	30%	29%	25%	25%	27%	29%	28%	29%	29%	29%	29%

1. Other educational formula programs include pupil transportation, tuition students, schools for the handicapped, youth in detention, boarding home grants, and community schools.

Source: Office of the Governor / Division of Policy

With Education Amendment

3% Real Rate Of Return - Education Appropriations Start In FY 2001
40% Dedication Through Year 2005

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Low-Case
Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	191	10,471		\$837.57
92	611	11,304	17	\$816.36
93	1,079	11,979	55	\$846.18
94	1,601	12,692	97	\$878.74
95	2,180	13,442	144	\$915.39
96	2,822	14,247	196	\$927.92
97	3,534	15,114	254	\$936.62
98	4,319	16,047	318	\$944.14
99	5,186	17,055	389	\$950.54
0	6,142	18,144	467	\$956.19
1	6,641	18,771	553	\$961.29
2	7,148	19,400	598	\$965.48
3	7,661	20,030	643	\$968.79
4	8,181	20,662	690	\$969.70
5	8,708	21,295	736	\$971.30

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

With Education Amendment

4% Real Rate Of Return - Education Appropriations Start In FY 2001
40% Dedication Through Year 2005

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Mid-Case
Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	217	10,701		\$863.60
92	705	11,814	22	\$870.88
93	1,259	12,709	70	\$932.28
94	1,889	13,654	126	\$998.72
95	2,599	14,646	189	\$1,070.94
96	3,399	15,718	260	\$1,098.28
97	4,298	16,883	340	\$1,120.28
98	5,304	18,149	430	\$1,140.32
99	6,430	19,525	530	\$1,158.82
0	7,688	21,024	643	\$1,176.00
1	8,321	21,890	769	\$1,192.40
2	8,967	22,758	832	\$1,207.49
3	9,625	23,631	897	\$1,221.15
4	10,296	24,507	962	\$1,231.71
5	10,978	25,383	1,030	\$1,242.35

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

CASE A - 3% Real Rate Of Return

Education Appropriations Start In 2003 Session For FY 2004

Education Fund Deposits Stop After FY 2005

Low Revenue Case, Low Population Growth

Forecast: DOR, 11/88

Revenue: Low-Case

PF Status: 12/31/88

Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	191	10,471		\$837.57
92	611	11,304	17	\$816.36
93	1,079	11,979	55	\$846.18
94	1,601	12,692	97	\$878.74
95	2,180	13,442	144	\$915.39
96	2,822	14,247	196	\$927.92
97	3,534	15,114	254	\$936.62
98	4,319	16,047	318	\$944.14
99	5,186	17,055	389	\$950.54
0	6,142	18,144	467	\$956.19
1	7,194	19,324	553	\$961.29
2	8,351	20,602	647	\$965.99
3	9,623	21,989	752	\$969.95
4	10,154	22,627	866	\$972.32
5	10,690	23,265	914	\$975.20

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

CASE B - 4% Real Rate Of Return

Education Appropriations Start In 2003 Session For FY 2004

Education Fund Deposits Stop After FY 2005

Low Revenue Case, Low Population Growth

Forecast: DOR, 11/88

Revenue: Low-Case

PF Status: 12/31/88

Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	213	10,494		\$859.17
92	691	11,508	21	\$861.73
93	1,229	12,291	69	\$916.33
94	1,836	13,116	123	\$974.48
95	2,518	13,983	184	\$1,037.66
96	3,280	14,920	252	\$1,056.13
97	4,133	15,939	328	\$1,069.08
98	5,084	17,048	413	\$1,080.07
99	6,144	18,257	508	\$1,089.51
0	7,323	19,578	614	\$1,097.80
1	8,634	21,023	732	\$1,105.31
2	10,089	22,606	863	\$1,112.53
3	11,703	24,340	1,009	\$1,119.12
4	12,322	25,072	1,170	\$1,124.06
5	12,947	25,803	1,232	\$1,129.32

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

HOUSE JOINT RESOLUTION NO. 13

EDUCATION ENDOWMENT

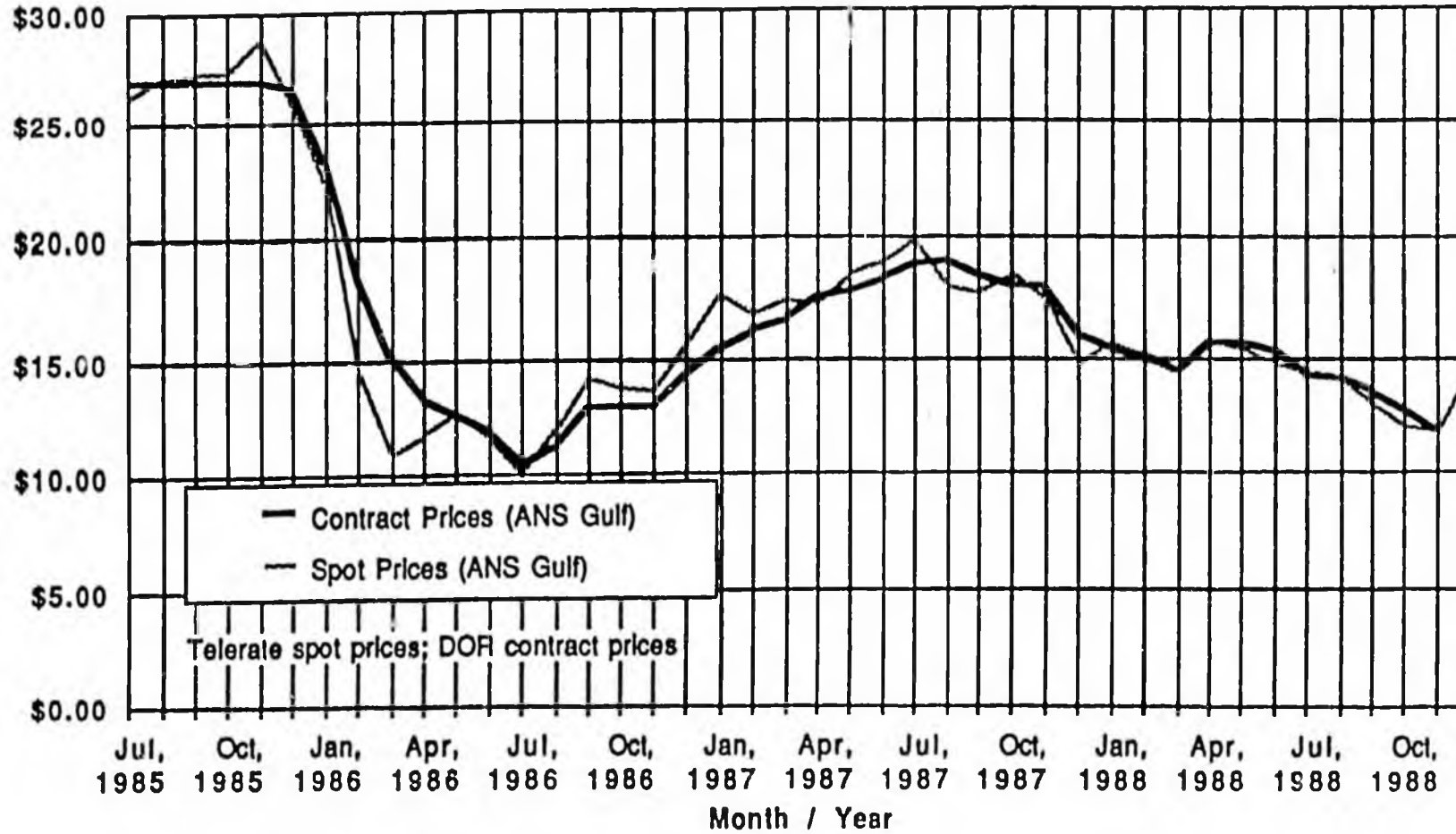
BRIEFING PACKET

Office of the Governor, Division Of Policy

February 1, 1989

ANS Gulf Spot and Contract Prices (1985-1988)

\$ / Barrel

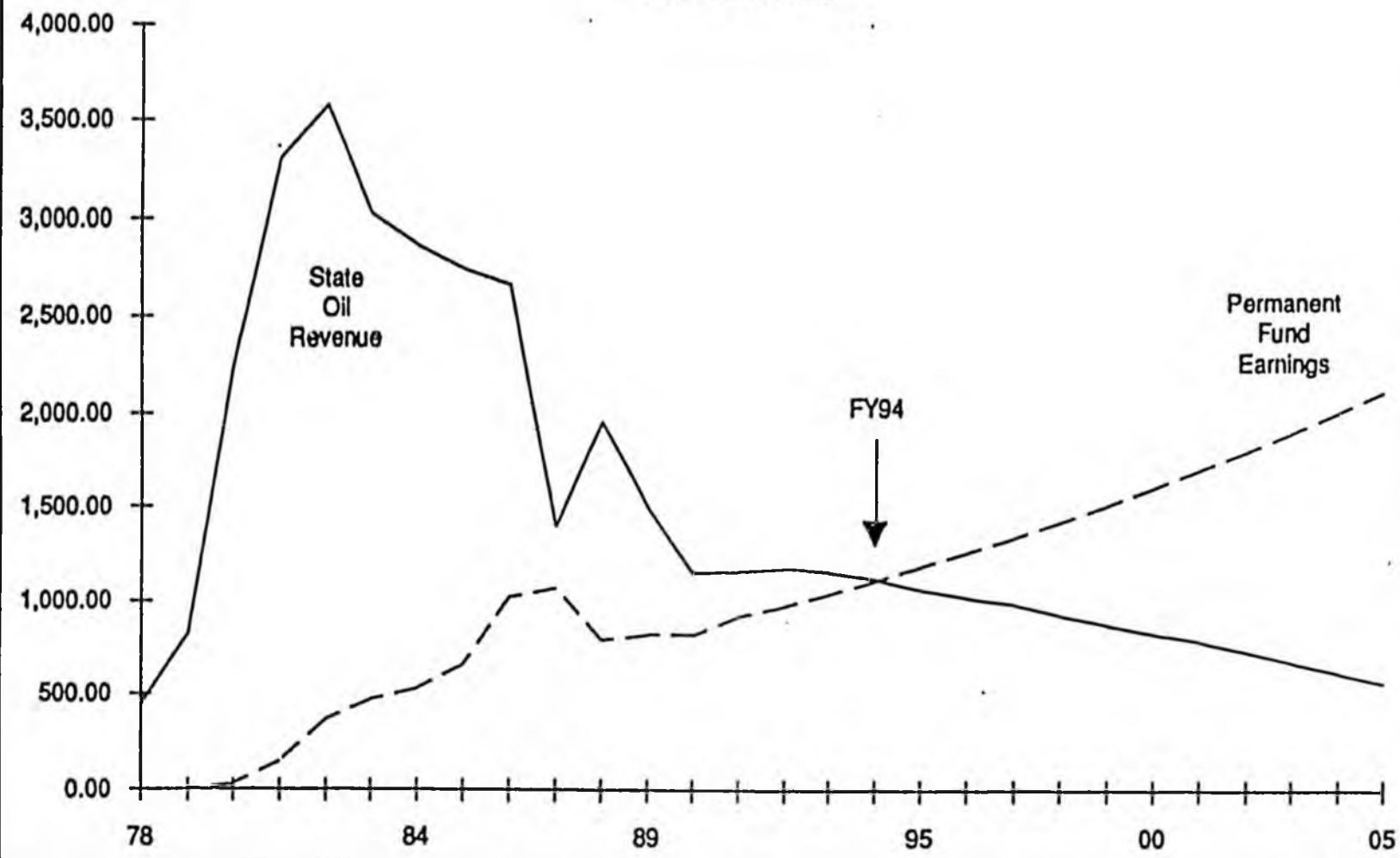


Source: Division of Policy, 1/31/89

**TOTAL STATE OIL REVENUES VERSUS
PERMANENT FUND EARNINGS
FY 1978 - FY 2005**

(Actual and Projected)

\$Millions



**USE OF ONE-TIME MEASURES
TO BALANCE ALASKA'S BUDGET
(Millions of Dollars)**

FY 87

10% REDUCTION OPERATING PROGRAMS	\$ 194.0
ZERO OUT BUDGET RESERVE FUND	\$ 427.4
RAILBELT ENERGY FUND SOURCE CHANGE	\$ 50.0
LOAN PROGRAM CLOSEOUTS	\$ 19.7
CAPITAL PROJECT CLEAN-UP	\$ 86.0
SETTLEMENT PAYMENTS (TAPS, ARCO, 8-G)	\$ 70.5
LEASE BONUSES	\$.5
OTHER BACK TAX PAYMENTS	\$ 5.5
TOTAL ONE-TIME MEASURES	\$ 853.60

FY88

8-G/DINKUM SANDS PAYMENT	\$ 159.9
TAPS SETTLEMENT PAYMENT	\$ 2.1
CAPITAL PROJECT CLEAN-UP	\$ 22.3
LEASE BONUSES	\$ 5.5
OTHER BACK TAX PAYMENTS	\$ 10.9
TOTAL ONE-TIME MEASURES	\$ 200.7

FY 89

ARCO TAX SETTLEMENT	\$ 172.3
BOND FUND CLEAN-UP	\$ 4.7
LEASE BONUSES	\$ 20.7
OTHER BACK TAX PAYMENTS TO DATE	\$ 57.8
TOTAL ONE-TIME MEASURES YEAR-TO-DATE	\$ 255.5

Division of Policy 1/11/89

Foundation Program Funding Needs FY 1991 - FY 2015

FY 89
Formula
Cost: 420.9

FY	School-Age Population	Annual Population Growth	Annual Funding Amount Needed
89	109,700		
90	110,500	0.73%	445.2
91	111,600	1.00%	476.6
92	112,800	1.08%	510.6
93	114,600	1.60%	549.9
94	116,400	1.57%	592.0
95	118,500	1.80%	638.9
96	120,500	1.69%	688.6
97	121,400	0.75%	735.4
98	124,100	2.22%	796.9
99	125,600	1.21%	854.9
00	126,700	0.88%	914.1
01	128,100	1.10%	979.7
02	129,000	0.70%	1,045.7
03	130,000	0.78%	1,117.1
04	131,000	0.77%	1,193.2
05	132,200	0.92%	1,276.4
06	133,411	0.92%	1,365.4
07	134,633	0.92%	1,460.5
08	135,866	0.92%	1,562.4
09	137,111	0.92%	1,671.3
10	138,367	0.92%	1,787.8
11	139,634	0.92%	1,912.4
12	140,913	0.92%	2,045.7
13	142,204	0.92%	2,188.3
14	143,507	0.92%	2,340.9
15	144,822	0.92%	2,504.0

Foundation program funding needs represent FY 89 level adjusted for future school-age population growth and inflation.

Population data from AK Dept. of Labor, 11/8/88.

1/31/89

State Dollars for Public School Programs

(Millions of Dollars - Unrestricted General Fund)

	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89
Foundation Program	195	216	267	345	415	430	455	474	381	410	420
Formula Programs (1)	31	36	41	45	47	52	49	45	45	39	45
TOTAL	226	252	308	390	462	482	504	519	426	449	465
Total Operating Budget	837	959	1364	1706	1898	1958	2110	2116	1844	1912	1981
Percent of Total Operating Budget	27%	26%	23%	23%	24%	25%	24%	25%	23%	23%	23%

1. Other educational formula programs include pupil transportation, tuition students, schools for the handicapped, youth in detention, boarding home grants, and community schools.

Source: Office of the Governor / Division of Policy

1/31/89

OPERATING AID TO SCHOOLS

<i>(Millions of Dollars - Unrestricted General Fund)</i>
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	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89
Foundation Program	195	216	267	345	415	430	455	474	381	410	420
Formula Programs (1)	31	36	41	45	47	52	49	45	45	39	45
Reimbursement for School Construction Debt	22	24	38	39	56	94	95	105	116	109	109
TOTAL	248	276	346	429	518	576	599	624	542	558	574
Total Operating Budget	837	959	1364	1706	1898	1958	2110	2116	1844	1912	1981
Percent of Total Operating Budget	30%	29%	25%	25%	27%	29%	28%	29%	29%	29%	29%

1. Other educational formula programs include pupil transportation, tuition students, schools for the handicapped, youth in detention, boarding home grants, and community schools.

Source: Office of the Governor / Division of Policy

THE EDUCATION AMENDMENT TO THE CONSTITUTION

THE PROBLEM: Lack of long-term stable funding for education.

Alaska's Constitution calls for public schools open to all children of the State. The public elementary and secondary schools are now supported by oil-based revenues. About 25% to 30% of each year's state expenditures are for public education. Within ten years, Prudhoe Bay production is estimated to drop by almost half -- that decline, coupled with fluctuating local property value and increasingly more unpredictable federal funding for education, makes the future of Alaska schools' funding very uncertain.

THE SOLUTION: A constitutional amendment establishing an education endowment in the Permanent Fund

By establishing an education endowment within the Permanent Fund, Alaskans can provide full funding from non-oil-based revenues for Alaska's schools around the year 2010. No less than forty percent of the annual income of the Permanent Fund will be deposited in the education endowment. The annual earnings of the education fund would be dedicated to public elementary and secondary education. Alaskans will vote on the Education Amendment on the 1990 general election ballot.

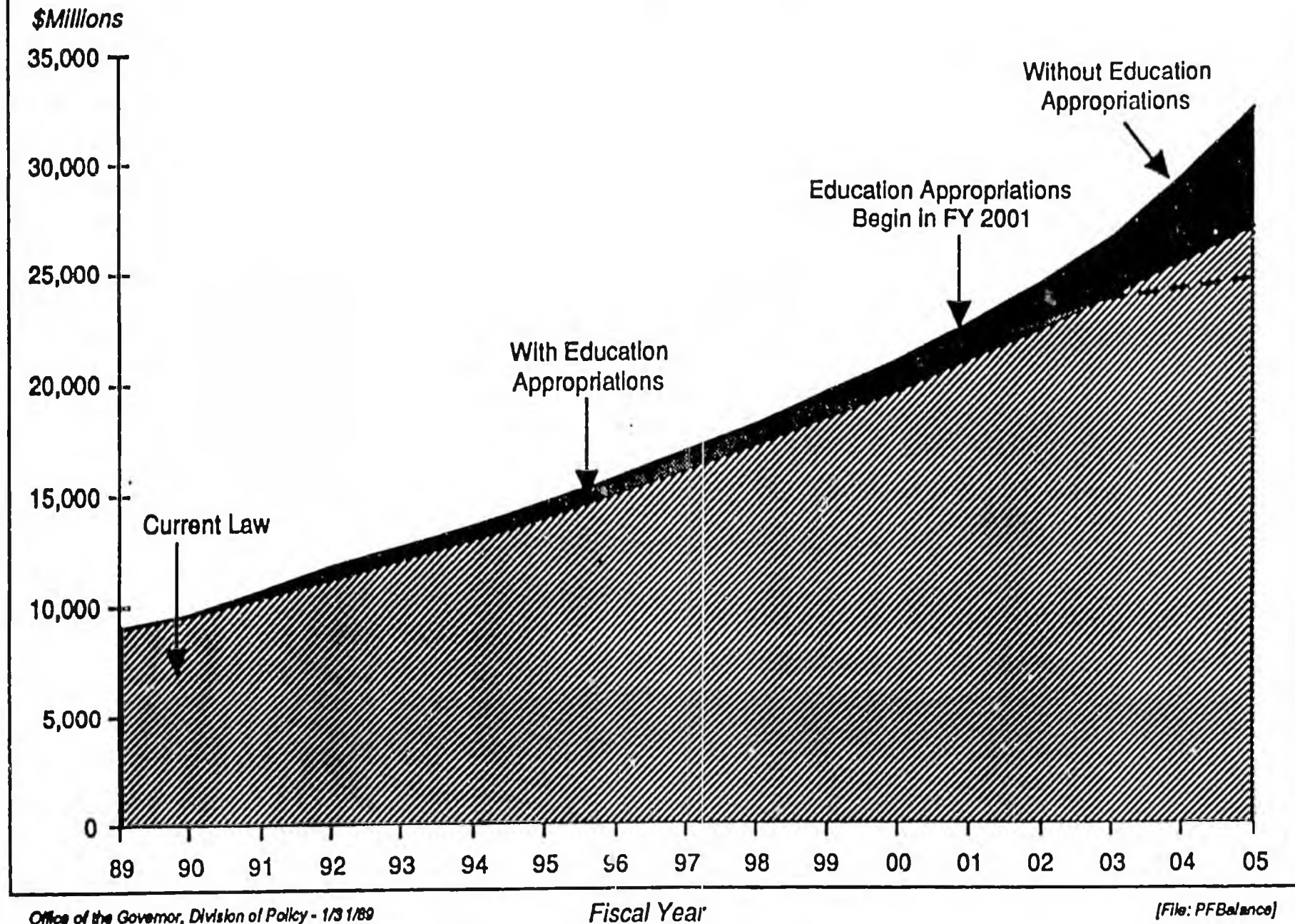
KEY CONCEPTS IN PROPOSAL:

1. Education amendment to Constitution. Placed on 1990 general election ballot for voter approval
2. Education Fund established within Permanent Fund
3. Education Fund invested with the rest of Permanent Fund
4. Education Fund income dedicated only to public elementary and secondary education
5. Education Fund income not appropriated for education goes into principal of Education Fund

6. Education Fund funded by inflation-proofing deposits to the Permanent Fund, plus special appropriations, if any. Not less than forty percent of the annual earnings of the Permanent Fund would go to the Education Fund.
7. Deposits to Education Fund constitutionally mandated through year 2010
8. Education Fund earnings not used before year 2000, but used to build the Education Fund assets so it can fully fund education programs from its income
9. Deposits can be extended after year 2010 by majority vote of legislature.
10. Earnings reserve account stays intact, and is available for use by the legislature as emergency cash reserve.
11. Dividends continue to grow, reaching over \$1,000 by FY95.

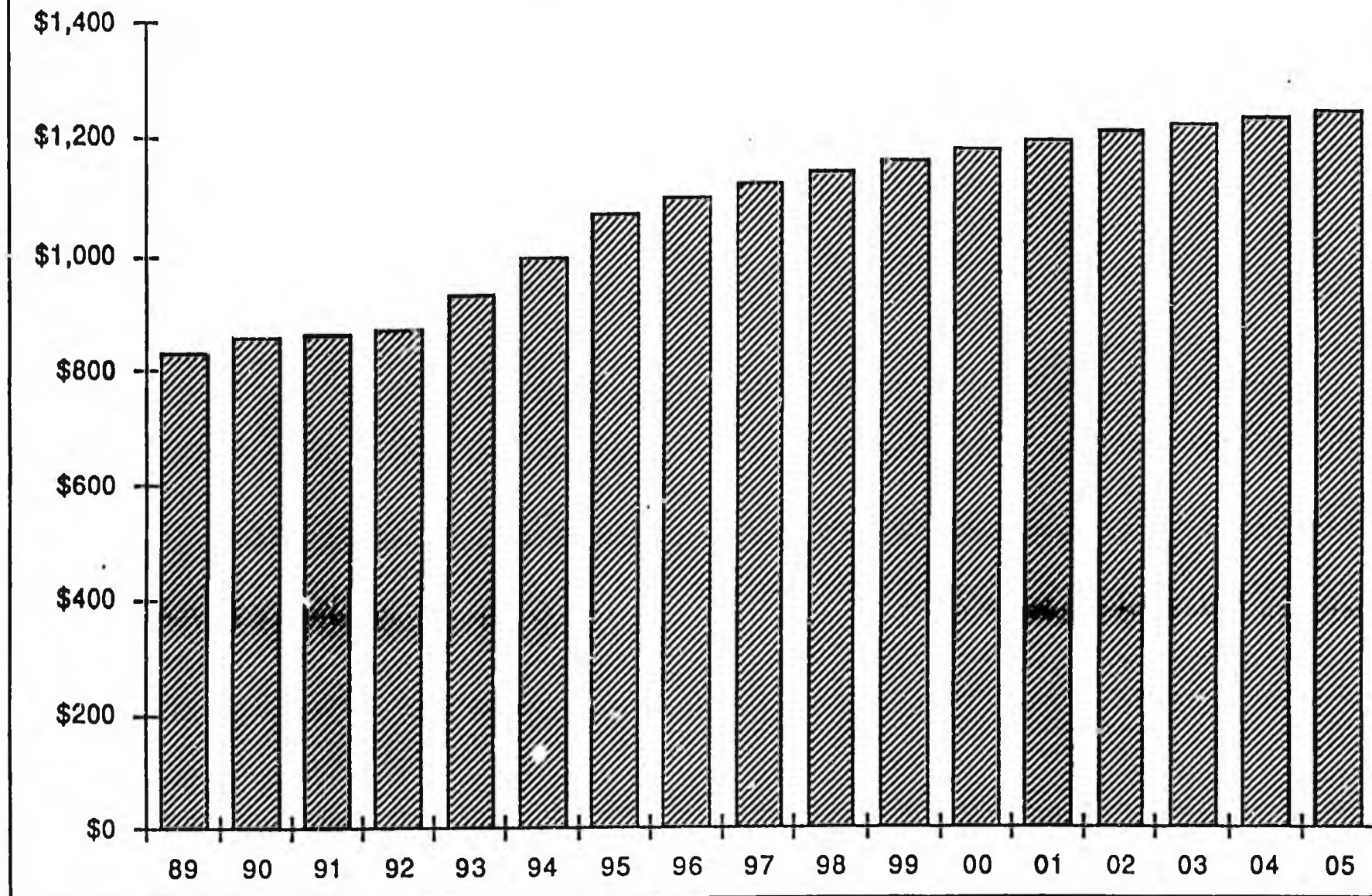
Division of Policy, February 1989

EFFECT OF EDUCATION AMENDMENT ON PERMANENT FUND BALANCE



PER CAPITA PERMANENT FUND DIVIDENDS UNDER EDUCATION AMENDMENT

(With Education Appropriations)



With Education Amendment

4% Real Rate Of Return - No Education Appropriations

Forecast: DOR, 11/88

Revenue: Mid-Case

PF Status: 12/31/88

Population: Low Case

FY	Education Fund Balance	Total Permanent Fund Balance	Education Fund Net Income	Per Capita Dividends
91	217	10,701		\$863.60
92	705	11,814	22	\$870.88
93	1,259	12,709	70	\$932.28
94	1,889	13,654	126	\$998.72
95	2,599	14,646	189	\$1,070.94
96	3,399	15,718	260	\$1,098.28
97	4,298	16,883	340	\$1,120.28
98	5,304	18,149	430	\$1,140.32
99	6,431	19,525	530	\$1,158.82
0	7,688	21,024	643	\$1,176.00
1	9,089	22,659	769	\$1,192.56
2	10,650	24,440	909	\$1,208.33
3	12,384	26,384	1,065	\$1,223.30
4	14,310	28,510	1,238	\$1,236.30
5	16,447	30,832	1,431	\$1,250.30

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

With Education Amendment

4% Real Rate Of Return - Education Appropriations Start In FY 2001

Forecast: DOR, 11/88

Revenue: Mid-Case

PF Status: 12/31/88

Population: Low Case

<u>FY</u>	<u>Education Fund Balance</u>	<u>Total Permanent Fund Balance</u>	<u>Education Fund Net Income</u>	<u>Per Capita Dividends</u>
91	217	10,701		\$863.60
92	705	11,814	22	\$870.88
93	1,259	12,709	70	\$932.28
94	1,889	13,654	126	\$998.72
95	2,599	14,646	189	\$1,070.94
96	3,399	15,718	260	\$1,098.28
97	4,298	16,883	340	\$1,120.28
98	5,304	18,149	430	\$1,140.32
99	6,431	19,525	530	\$1,158.82
0	7,688	21,024	643	\$1,176.00
1	8,321	21,890	769	\$1,192.56
2	8,966	22,758	832	\$1,207.66
3	9,625	23,631	897	\$1,221.15
4	10,296	24,506	962	\$1,231.71
5	10,978	25,383	1,030	\$1,242.35

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

-- Permanent Fund --

Current Law

4% Real Rate Of Return

Forecast: DOR, 11/88

Revenue: Mid-Case

PF Status: 12/31/88

Population: Low Case

<u>FY</u>	<u>FY End Balance</u>	<u>Per Capita Dividends</u>
91	10,485	\$863.60
92	11,293	\$875.08
93	12,152	\$949.68
94	13,061	\$1,039.50
95	14,019	\$1,145.87
96	15,031	\$1,219.26
97	16,103	\$1,295.37
98	17,237	\$1,373.90
99	18,432	\$1,454.95
0	19,694	\$1,538.95
1	21,027	\$1,625.97
2	22,431	\$1,716.55
3	23,912	\$1,810.53
4	25,474	\$1,906.63
5	27,120	\$2,010.00

-- ASSUMPTIONS --

4.00% Inflation Rate FY 89

5.00% Inflation Rate FY 90

6.00% Inflation Rate FY 1991-2015

9.01% Rate of Return FY 89

8.00% Rate of Return FY 90

10.00% Rate of Return FY 1991-2015

Details of the effects of providing inflation-proofing with first priority are shown in the attached projections, and are summarized below:

FY	PRINCIPAL (\$Millions)		DIVIDENDS (Per Capita)	
	Current Law	Inflation- Proofing Priority	Current Law	Inflation- Proofing Priority
<i>(No difference through FY 1995.)</i>				
1996	14,125	14,261	\$1,021	\$782
2000	17,448	18,316	\$1,226	\$967
2005	22,504	24,821	\$1,519	\$1,258

It should be noted that any near-term use of the Fund's earnings reserve account balance (e.g., for general fund appropriations) will effectively accelerate the onset of competition for earnings between dividends and inflation-proofing. Under such a scenario, the effects of giving inflation-proofing first priority will begin earlier than in the projections shown here, and will have a greater cumulative differential effect by FY 2005 than that shown in the table above.

Required Statutory Changes

AS 43.23.045 and AS 37.13.145 (copies attached) include the relevant provisions governing the distribution priorities for dividends and inflation-proofing, respectively.

The key provision, affording first priority to dividends over all other forms of distribution of Permanent Fund earnings, is contained in AS 43.23.045(b), shown in boldface below:

(b) Notwithstanding any contrary provision of law, each year the commissioner shall transfer to the dividend fund 50 percent of the income of the Alaska Permanent Fund earned during the fiscal year ending on June 30 of the current year and available for distribution. (Emphasis added.)

To reverse the current priority between dividends and inflation-proofing, it is my understanding that the only steps necessary would be to delete the boldfaced phrase above in AS 43.23.045(b), and insert it at the beginning of AS 37.13.145, as shown in bold-face below:

(see next page)

Notwithstanding any contrary provision of law.

[A]t the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska Permanent Fund during that year...shall be transferred from net income...to the principal of the Alaska Permanent Fund for reinvestment.... *(Ellipsis added.)*

You may wish to have your legal counsel confirm that this would indeed be the extent of the changes needed.

If you have any questions, or if I may be of further assistance, please don't hesitate to contact me at 465-3568.

Attachments: (4)

cc: Mary Halloran, Director
Division of Policy

-- Permanent Fund --

BASE CASE

Current Law

Forecast: DOR, 11/88
PF Status: 12/31/88Revenue: Low Case
Population: Low Case

PRINCIPAL

FY	Ap- FY Begin propri- Balance ations	Ded. State Rev's*	Inflation Proofing	FY End Balance	Inflation- Proofing Shortfall
78	0	54	0	54	0
79	54	84	0	139	0
80	139	344	0	483	0
81	483	900	0	1,769	0
82	1,769	800	0	2,969	0
83	2,969	400	231	4,021	0
84	4,021	300	151	4,838	0
85	4,838	300	235	5,741	0
86	5,741	0	216	6,281	0
87	6,281	1,264	148	7,864	0
88	7,864	0	303	8,585	0
89	8,585	0	349	9,086	0
90	9,086	0	458	9,616	0
91	9,616	0	532	10,280	0
92	10,280	0	622	10,991	0
93	10,991	0	665	11,743	0
94	11,743	0	710	12,538	0
95	12,538	0	757	13,376	0
96	13,376	0	672	14,125	135
97	14,125	0	705	14,904	147
98	14,904	0	743	15,716	156
99	15,716	0	782	16,563	165
0	16,563	0	823	17,448	174
1	17,448	0	866	18,372	184
2	18,372	0	911	19,339	194
3	19,339	0	953	20,348	205
4	20,348	0	1,007	21,403	216
5	21,403	0	1,059	22,504	228
6	22,504	0	1,113	23,655	240
7	23,655	0	1,169	24,859	253
8	24,859	0	1,227	26,110	266
9	26,119	0	1,289	27,436	280
10	27,436	0	1,353	28,816	294
11	28,816	0	1,421	30,261	310
12	30,261	0	1,492	31,774	325
13	31,774	0	1,566	33,359	342
14	33,359	0	1,644	35,021	359
15	35,021	0	1,725	36,782	377
TOTAL, FY 89-95:	0	649	4,143	13,376	0
TOTAL, FY 89-05:	0	1,251	12,669	22,504	1,806
TOTAL, FY 89-15:	0	1,511	26,667	36,782	4,852

INCOME

Distributions

Reserves

Net Income	Divi- dends	Per Capita Dividends**	Inflation Proofing	Gen'l Fund	Add (Delete)	FY End Bal.
2	0		0	1	0	0
8	0		0	7	0	0
32	12		0	12	0	0
150	28		0	28	59	59
368	71	\$1,000.00	0	71	185	244
471	108	\$388.15	231	110	110	354
530	175	\$331.29	151		203	557
658	217	\$404.00	235		206	763
1,021	303	\$556.26	216		501	1,264
1,069	391	\$708.19	148		529	529
789	424	\$826.93	303		62	591
818	457	\$835.17	349		11	602
810	474	\$857.19	458		(121)	481
955	468	\$837.57	582		(94)	386
1,009	463	\$819.66	622		(75)	311
1,069	490	\$859.96	665		(85)	228
1,132	523	\$910.38	710		(100)	128
1,197	563	\$973.11	757		(123)	3
1,265	596	\$1,020.51	672		(3)	0
1,335	630	\$1,069.78	705		0	0
1,408	665	\$1,120.24	743		0	0
1,484	702	\$1,172.20	782		0	0
1,564	741	\$1,225.84	823		0	0
1,647	781	\$1,280.83	866		0	0
1,734	823	\$1,337.68	911		0	0
1,825	867	\$1,395.44	958		0	0
1,920	912	\$1,455.70	1,007		0	0
2,019	960	\$1,518.75	1,059		0	0
2,123	1,010	\$1,583.87	1,113		0	0
2,231	1,062	\$1,651.32	1,169		0	0
2,344	1,117	\$1,721.16	1,227		0	0
2,463	1,174	\$1,793.31	1,289		0	0
2,587	1,234	\$1,868.00	1,353		0	0
2,717	1,296	\$1,945.48	1,421		0	0
2,853	1,361	\$2,025.73	1,492		0	0
2,995	1,430	\$2,108.87	1,566		0	0
3,145	1,501	\$2,195.22	1,644		0	0
3,301	1,576	\$2,284.84	1,725		0	0
6,991	3,436	\$6,093.31	4,143	0		3
23,191	11,113	\$18,691.07	12,669	0		0
49,949	23,874	\$37,868.84	26,667	0		0

-- ASSUMPTIONS --

4.00% Inflation Rate FY 89
9.01% Rate of Return FY 895.00% Inflation Rate FY 90
8.00% Rate of Return FY 906.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05

-- Permanent Fund --

INFLATION-PROOFING PRIORITY

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Low Case
Population: Low Case

PRINCIPAL

INCOME

Distributions

Reserves

FY	Ap- FY Begin propn- Balance	Dev State Revs*	Inflation Proofing	FY End Balance	Inflation- Proofing Shortfall
78	0	0	54	0	54
79	54	0	84	0	139
80	139	0	344	0	483
81	483	900	385	0	1,769
82	1,769	800	401	0	2,959
83	2,969	400	421	231	4,021
84	4,021	300	366	151	4,838
85	4,838	300	368	235	5,741
86	5,741	0	323	216	6,281
87	6,281	1,264	171	148	7,864
88	7,864	0	418	303	8,585
89	8,585	0	152	349	9,086
90	9,086	0	72	458	9,616
91	9,616	0	83	582	10,280
92	10,280	0	89	622	10,991
93	10,991	0	88	665	11,743
94	11,743	0	85	710	12,538
95	12,538	0	81	757	13,378
96	13,376	0	77	807	14,261
97	14,261	0	74	860	15,195
98	15,195	0	69	916	16,180
99	16,180	0	65	975	17,220
0	17,220	0	62	1,037	18,318
1	18,318	0	58	1,103	19,479
2	19,479	0	55	1,172	20,706
3	20,706	0	51	1,245	22,003
4	22,003	0	47	1,323	23,373
5	23,373	0	43	1,405	24,821
TOTAL, FY 89-95:	0	649	4,143	13,375	0
TOTAL, FY 89-05:	0	1,251	14,986	24,821	0

Net Income	Divi- dends	Per Capita Dividends**	Inflation Proofing	Gen'l Fund	Add (Delete)	FY End Bal.
2	0		0	1	0	0
8	0		0	7	0	0
32	12		0	12	0	0
150	28		0	28	59	59
368	71	\$1,000.00	0	71	185	244
471	108	\$386.15	231	110	110	354
530	175	\$331.29	151		203	557
658	217	\$404.00	235		206	763
1,021	303	\$556.26	216		501	1,264
1,069	391	\$708.19	148		529	529
789	424	\$826.93	303		62	591
818	457	\$835.17	349		11	602
810	474	\$857.19	458		(121)	481
955	468	\$837.57	582		(94)	386
1,009	463	\$819.66	622		(75)	311
1,069	490	\$859.96	665		(85)	226
1,132	523	\$910.36	710		(100)	126
1,197	563	\$973.41	757		(123)	3
1,265	460	\$782.04	807		(3)	0
1,347	487	\$820.76	860		0	0
1,435	519	\$867.61	916		0	0
1,528	553	\$916.40	975		0	0
1,626	589	\$967.24	1,037		0	0
1,729	627	\$1,020.58	1,103		0	0
1,838	666	\$1,076.31	1,172		0	0
1,954	708	\$1,134.66	1,245		0	0
2,076	753	\$1,194.19	1,323		0	0
2,205	800	\$1,256.10	1,405		0	0
6,991	3,436	\$6,093.31	4,143	0		3
23,994	9,599	\$18,131.19	14,986	0		0

-- ASSUMPTIONS --

4.00% Inflation Rate FY 89
9.01% Rate of Return FY 89

5.00% Inflation Rate FY 90
8.00% Rate of Return FY 90

6.00% Inflation Rate FY 91-05
9.00% Rate of Return FY 91-05

* Alaska Department of Revenue,
Low Case Forecast - November 1988

** Population Projections From 11.88
DOR Forecast, Low Case

Sec. 37.13.130. Gains and losses. [Repealed, § 13 ch 81 SLA 1982.]

Sec. 37.13.140. Income. Net income of the corporation shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals 21 percent of the net income of the corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed net income of the corporation for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145. (§ 5 ch 18 SLA 1980; am § 8 ch 81 SLA 1982; am § 1 ch 28 SLA 1986)

Effect of amendments. — The 1986 amendment in the first sentence substituted "shall" for "must" and in the second sentence substituted "21 percent of the net income" for "the average net income" and "earnings reserve" for "undistributed income."

Sec. 37.13.145. Disposition of income. At the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by the change in the calendar year average United States consumer price index for all urban consumers shall be transferred from net income as defined in AS 37.13.140, excluding income on the earnings reserve account in the Alaska permanent fund, to the principal of the Alaska permanent fund for reinvestment. The balance of the income available for distribution under AS 37.13.140 shall be transferred to the earnings reserve account in the Alaska permanent fund. Money in the earnings reserve account shall be invested in investments authorized under AS 37.13.120. Income from the investment of the earnings reserve account shall be treated as an addition to that account. (§ 9 ch 81 SLA 1982; am § 2 ch 28 SLA 1986)

Cross references. — For transfer of certain income earned by the Alaska permanent fund prior to July 1, 1982, to the undistributed income account, see § 15, ch. 81, SLA 1982.

Effect of amendments. — The 1986 amendment in the first sentence substituted "the change in the calendar year average United States consumer price index for all urban consumers" for "a nationally recognized index," in the second sentence substituted "income available for distribution under" for "net income as defined in," and substituted "earnings reserve" for "undistributed income" throughout the section.

Sec. 37.13.150. Corporation budget. The revenue generated by the corporation's investments must be identified as the source of the operating budget of the corporation in the state's operating budget under AS 37.07 (Executive Budget Act). The unexpended balance of the corporation's annual operating budget does not lapse at the end of the fiscal year but shall be treated as income under AS 37.13.140. (§ 5 ch 18 SLA 1980; am § 10 ch 81 SLA 1982)

Inflation proofing last

-- Permanent Fund/Education Fund --

03/04/89

CASE 1
3% Real Rate Of Return, Low Revenue Case

Dividend calculated on educational and non-education income

Education Appropriations Start In 2003 Session For FY 2004
 40% Ed. Fund Deposit Shifted To Principal After FY 2005

Forecast: DOR, 11/88
 PF Status: 12/31/88

Revenue: Low Case
 Population: Low Case

PRINCIPAL

INCOME

FY	FY Start Balance	Appropriations	Ded'd State Rev's	FY END BALANCE					Inflation Proofing Shortfall	Net Income		Distributions					Reserves		FY
				Educ. Fund	Inflation Proofing	Educ. Fund	Non-Ed PF Total	Combined Total		PF Total	Educ. Fund	Educ. Fund	Educ. Fund	Dividends	Per Capita Dividends	Inflation Proofing	GF	Add (Delete)	
89	8,585	0	152		349			9,086	0	818			457	\$835.17	349		11	602	89
90	9,086	0	72		458			9,616	0	810			474	\$857.19	458		(121)	481	90
91	9,616	0	83	191	582	191	10,280	10,471	0	955		191	468	\$837.57	582		(285)	195	91
92	10,471	0	89	414	330	611	10,693	11,304	304	1,009	17	397	461	\$816.36	330		(195)	0	92
93	11,304	0	88	461	127	1,079	10,900	11,979	557	1,069	55	406	482	\$846.18	127		0	0	93
94	11,979	0	85	511	117	1,601	11,092	12,692	607	1,133	97	414	505	\$878.74	117		0	0	94
95	12,692	0	81	566	103	2,180	11,262	13,442	563	1,200	144	422	531	\$915.39	103		0	0	95
96	13,442	0	77	626	101	2,822	11,425	14,247	710	1,271	196	430	543	\$927.92	101		0	0	96
97	14,247	0	74	691	102	3,534	11,580	15,114	758	1,346	254	437	554	\$936.62	102		0	0	97
98	15,114	0	69	762	102	4,319	11,728	16,047	809	1,428	318	444	564	\$944.14	102		0	0	98
99	16,047	0	65	839	103	5,188	11,868	17,055	864	1,515	389	451	573	\$950.54	103		0	0	99
0	17,055	0	62	924	104	6,142	12,002	18,144	923	1,610	467	457	582	\$956.19	104		0	0	0
1	18,144	0	58	1,017	105	7,194	12,129	19,324	987	1,713	553	464	591	\$961.29	105		0	0	1
2	19,324	0	55	1,118	106	8,351	12,251	20,602	1,057	1,824	647	470	600	\$965.99	106		0	0	2
3	20,602	0	51	1,229	107	9,623	12,365	21,989	1,133	1,944	752	477	609	\$969.95	107		0	0	3
4	21,989	0	47	483	108	10,154	12,473	22,627	1,214	2,075	866	483	617	\$972.32	108	866	0	0	4
5	22,627	0	43	488	107	10,690	12,575	23,265	1,253	2,134	914	488	626	\$975.20	107	914	0	0	5
6	23,265	0	39	0	599	10,739	13,164	23,903	799	2,194	962	0	633	\$977.08	599	962	0	0	6
7	23,903	0	35	0	643	10,796	13,784	24,581	793	2,254	966	0	645	\$985.32	643	966	0	0	7
8	24,581	0	32	0	685	10,861	14,437	25,298	791	2,318	972	0	661	\$1,000.37	685	972	0	0	8
9	25,298	0	29	0	726	10,930	15,122	26,053	794	2,386	977	0	682	\$1,022.53	726	977	0	0	9
10	26,053	0	26	0	764	11,004	15,839	26,843	800	2,457	984	0	708	\$1,052.53	764	984	0	0	10
11	26,843	0	24	0	800	11,079	16,588	27,667	812	2,531	990	0	741	\$1,091.06	800	990	0	0	11
12	27,667	0	22	0	836	11,156	17,369	28,525	825	2,608	997	0	775	\$1,131.19	836	997	0	0	12
13	28,525	0	20	0	875	11,235	18,185	29,419	838	2,689	1,004	0	810	\$1,172.85	875	1,004	0	0	13
14	29,419	0	18	0	915	11,315	19,037	30,352	852	2,773	1,011	0	848	\$1,215.84	915	1,011	0	0	14
15	30,352	0	16	0	956	11,390	19,928	31,324	866	2,861	1,018	0	886	\$1,260.56	956	1,018	0	0	15
TOTALS:		0	1,511	10,321	10,908	11,396	19,928	31,324	20,010	48,925	15,551	6,432	16,625	\$26,456.10	10,908	11,662			0

(FY89-20015)

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings remain for it after 40 percent distribution to education account (or to non-education principal, starting in FY 2006). Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

CASE 5
3% Real Rate Of Return, Low Revenue Case

Dividend comes from non-educational income

Education Appropriations Start In 2003 Session For FY 2004
40% Ed. Fund Deposit Shifted To Principal After FY 2005

Forecast: DOR, 11/88
PF Status: 12/31/88

Revenue: Low Case
Population: Low Case

PRINCIPAL

INCOME

FY	FY Start Balance	Appropriations	Ded'd State Rev's	FY END BALANCE			Inflation Proofing Shortfall	Net Income		Distributions				Reserves		FY
				Educ. Fund	Inflation Proofing	Combined Total		Educ. Fund	Non-Ed PF Total	PF Total	Educ. Fund	Total	Educ. Fund	Dividends	Per Capita Dividends	
89	8,585	0	152		349		0	818			457	\$835.17	349	11	602	89
90	9,086	0	72		458		0	810			474	\$857.19	458	(121)	481	90
91	9,616	0	83	191	582	191	0	955		191	468	\$837.57	582	(285)	195	91
92	10,471	0	89	414	330	611	304	1,009	17	397	461	\$816.36	330	(195)	0	92
93	11,304	0	88	451	127	1,079	557	1,069	55	406	482	\$846.18	127	0	0	93
94	11,979	0	85	511	117	1,601	607	1,133	97	414	505	\$878.74	117	0	0	94
95	12,692	0	81	566	103	2,180	663	1,200	144	422	531	\$915.39	103	0	0	95
96	13,442	0	77	626	101	2,822	710	1,271	196	430	543	\$927.92	101	0	0	96
97	14,247	0	74	691	102	3,534	758	1,346	254	437	554	\$936.62	102	0	0	97
98	15,114	0	69	762	102	4,319	809	1,428	318	444	564	\$944.14	102	0	0	98
99	16,047	0	65	839	103	5,186	864	1,515	399	451	573	\$950.54	103	0	0	99
0	17,055	0	62	924	104	6,142	923	1,610	467	457	582	\$956.19	104	0	0	0
1	18,144	0	58	1,017	105	7,194	987	1,713	553	464	591	\$961.29	105	0	0	1
2	19,324	0	55	1,118	106	8,351	1,057	1,824	647	470	600	\$965.99	106	0	0	2
3	20,602	0	51	1,229	107	9,623	1,133	1,944	752	477	609	\$969.95	107	0	0	3
4	21,989	0	47	483	108	10,154	1,214	2,075	866	483	617	\$972.32	108	0	0	4
5	22,627	0	43	488	107	10,690	1,253	2,134	914	488	626	\$975.20	107	0	0	5
6	23,265	0	39	0	878	10,867	520	2,194	962	0	354	\$928.65	878	0	0	6
7	24,181	0	35	0	912	11,042	541	2,281	978	0	390	\$979.34	912	0	0	7
8	25,128	0	32	0	948	11,217	562	2,370	994	0	428	\$981.90	948	0	0	8
9	26,108	0	29	0	985	11,391	583	2,462	1,010	0	468	\$986.48	985	0	0	9
10	27,122	0	26	0	1,023	11,563	606	2,557	1,025	0	509	\$743.11	1,023	0	0	10
11	28,171	0	24	0	1,062	11,734	620	2,656	1,041	0	553	\$801.91	1,062	0	0	11
12	29,257	0	22	0	1,101	11,903	641	2,758	1,058	0	600	\$862.83	1,103	0	0	12
13	30,382	0	20	0	1,146	12,071	678	2,864	1,071	0	647	\$926.16	1,140	0	0	13
14	31,547	0	18	0	1,190	12,237	704	2,974	1,086	0	698	\$991.74	1,190	0	0	14
15	32,755	0	16	0	1,235	12,402	731	3,088	1,101	0	751	\$1,059.77	1,235	0	0	15
TOTALS:		0	1,511	10,321	13,590	12,402	18,049	50,057	15,993	6,432	14,633	\$23,358.67	13,590			

(FY89-20015)

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings remain for it after 40 percent distribution to education account (or to non-education principal, starting in FY 2006). Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-

-- Permanent Fund/Education Fund --

FY 1991-2005:	\$PFDC Capped At \$827, Savings To Non-Ed Principal
FY 2006-2015:	Slow \$PFDC Growth (1% Per Yr.), Inflation-Proofing Priority, All Inflation-Proofing (Non-Ed Principal Only) To Non-Ed Principal, All Surplus Earnings After Distributions To General Fund

Forecast: DOR, 11/88
 PF Status: 1/31/89
 Earnings: 9%

Revenue: Low Case
 Population: Low Case
 Inflation: 6%

-- SUMMARY --

(\$Millions)

FY	Dividend	FY	Surplus
	Savings		To GF
91	23	06	0
92	14	07	20
93	33	08	41
94	53	09	65
95	77	10	89
96	87	11	116
97	96	12	145
98	105	13	176
99	114	14	208
2000	124	15	244
01	134		
02	145		
03	155		
04	167		
05	178		

-- Permanent Fund/Education Fund --

FY 1991-2005: \$PFD Capped At \$827, Savings To Non-Ed Principal

FY 2006-2015: Slow \$PFD Growth (1% Per Yr.), Inflation-Proofing
Priority, All Inflation-Proofing (Non-Ed Principal Only)
To Non-Ed Principal, All Surplus Earnings After
Distributions To General Fund

Forecast: DOR, 11/88
PF Status: 1/31/89
Earnings: 0%

Revenue: Low Case
Population: Low Case
Inflation: 6%

PRINCIPAL

INCOME

FY	FY Start Balance	Appropriations	Ded'd State Rev's	Educ. Fund	Inflation Proofing	FY END BALANCE			Inflation Proofing Shortfall	Net Income		Distributions					Reserves		FY
						Educ. Fund	Non-Ed PF Total	Combined Total		PF Total	Educ. Fund	Dividends	Per Capita Dividends	Inflation Proofing	GF	Add (Delete)	FY End Balance		
89	8,585	0	184		351		9,119	0	823			458	\$836.20	351	15	608	89		
90	9,119	0	190		466		9,775	0	816			475	\$850.80	466	(122)	483	90		
91	9,775	0	83	194	614	194	10,471	10,666	(23)	971		194	448	\$827.00	614	(286)	198	91	
92	10,666	0	89	422	352	634	10,993	11,529	293	1,028	17	404	452	\$827.00	352	(196)	0	92	
93	11,528	0	88	470	164	1,117	11,133	12,250	533	1,091	57	413	456	\$827.00	164	0	0	93	
94	12,250	0	85	524	174	1,658	11,377	13,033	566	1,158	101	423	460	\$827.00	174	0	0	94	
95	13,033	0	81	582	185	2,258	11,625	13,881	602	1,232	149	433	465	\$827.00	185	0	0	95	
96	13,881	0	77	647	196	2,924	11,877	14,801	641	1,312	203	444	469	\$827.00	196	0	0	96	
97	14,801	0	74	717	208	3,667	12,133	15,800	685	1,398	263	454	473	\$827.00	208	0	0	97	
98	15,800	0	69	795	220	4,493	12,392	16,884	732	1,482	330	465	478	\$827.00	220	0	0	98	
99	16,884	0	65	880	232	5,408	12,653	18,062	785	1,584	404	478	482	\$827.00	232	0	0	99	
0	18,062	0	62	974	245	6,422	12,920	19,342	843	1,705	487	487	486	\$827.00	245	0	0	0	
1	19,342	0	58	1,077	258	7,544	13,191	20,735	906	1,826	578	499	491	\$827.00	258	0	0	1	
2	20,735	0	55	1,190	271	8,784	13,467	22,251	976	1,957	679	511	495	\$827.00	271	0	0	2	
3	22,251	0	51	1,314	285	10,154	13,748	23,902	1,053	2,099	791	524	500	\$827.00	285	0	0	3	
4	23,902	0	47	1,536	300	10,748	14,037	24,785	1,137	2,255	914	536	505	\$827.00	300	914	0	4	
5	24,785	0	43	1,548	313	11,356	14,334	25,689	1,177	2,338	967	548	509	\$827.00	313	967	0	5	
6	25,689	0	39	0	862	11,356	15,235	26,590	0	2,423	1,022	0	538	\$824.82	862	1,022	0	6	
7	26,590	0	35	0	916	11,356	16,186	27,541	0	2,508	1,022	0	549	\$833.06	916	1,042	0	7	
8	27,541	0	32	0	973	11,356	17,191	28,545	0	2,597	1,022	0	560	\$841.40	973	1,063	0	8	
9	28,546	0	29	0	1,033	11,356	18,253	29,606	0	2,692	1,022	0	572	\$849.81	1,033	1,087	0	9	
10	29,609	0	26	0	1,097	11,356	19,376	30,732	0	2,792	1,022	0	583	\$858.31	1,097	1,111	0	10	
11	30,732	0	24	0	1,164	11,356	20,564	31,919	0	2,897	1,022	0	595	\$866.89	1,164	1,138	0	11	
12	31,919	0	22	0	1,235	11,356	21,821	33,176	0	3,009	1,022	0	607	\$875.56	1,235	1,167	0	12	
13	33,176	0	20	0	1,310	11,356	23,151	34,506	0	3,128	1,022	0	620	\$884.32	1,310	1,198	0	13	
14	34,506	0	18	0	1,390	11,356	24,558	35,914	0	3,253	1,022	0	632	\$893.16	1,390	1,230	0	14	
15	35,914	0	16	0	1,475	11,356	26,049	37,405	0	3,385	1,022	0	645	\$902.09	1,475	1,260	0	15	
TOTALS:		0	1,661	10,871	16,288	11,356	26,049	37,405	10,807	53,779	16,180	8,812	85,492	\$85,113.47	16,288	13,205		0	

(FY89-20015)

PFD calculation is based on non-education earnings of Permanent Fund. Full PFD amount is distributed, so long as sufficient non-education earnings (including reserves) remain for it after 40 percent distribution to education account. Income distribution priorities: retention of education earnings first, then 40% distribution, then dividends, then inflation-proofing.

HOUSE COMMITTEE REPORT

*(5)

Date Referred: 1/17/89

FURTHER REFERRALS: JUDICIARY
FINANCE

Date of Committee Action: 3/1/89

The HEALTH, EDUCATION & SOCIAL SERVICES Committee recommends that:

HOUSE JOINT RESOLUTION NO. 13

[CONST. AMENDMENT: EDUCATION ENDOWMENT]

Proposing an amendment to the Constitution of the State of Alaska, establishing a permanent endowment for education in Alaska.

[X] be replaced with CSHR 13 (HESS) [] the same title
[X] a new title

[] have attached amendment(s)

- [] do pass
- [] do not pass
- [] no recommendation
- [X] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: House HESS letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
- [X] zero fiscal notes(s) published:
4/17/89

SIGNING DO PASS:

J. Ellis
Walt Furnace
Cheri Davis

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Mr. Kumborg / no rec.
Knobbs / no rec.
Peter Jones / no rec.

J. Ellis
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Establishing a Permanent
Endowment For Education BRU: _____
 Sponsor: Rules Components: _____
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 2/1/89
 Approved by Commissioner: William G. Demmert Date: 2/1/89
 Agency: Education

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Education Endowment - House
Joint Resolution
Sponsor: Rules Committee
Requestor: Governor Steve Cowper

Agency Affected: Alaska Permanent Fund Corp.
BRU: _____
Components: Alaska Permanent Fund Corp.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Expenses for managing the education endowment will be minimal and will be covered in the normal accounting for Permanent Fund principal.

Prepared by: David A. Rose, Executive Director
Division: Alaska Permanent Fund Corporation

Phone: (907) 465-2047
Date: January 6, 1989

Approved by Commissioner: _____
Agency: DOR

Date: _____

Distribution (by preparer):

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

FISCAL NOTE FOR EDUCATION ENDOWMENT

The attached fiscal note dated January 6, 1989 was prepared by the Executive Director of the Alaska Permanent Fund Corporation.

The investments of the endowment will incur costs. These costs would normally be appropriated from the earnings of the endowment itself.

If this is done, no costs would be paid by the general fund or by the Alaska Permanent Fund.

A handwritten signature in cursive script, appearing to read "H. Malone". The signature is written in dark ink and is positioned to the right of the main text block.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 16, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a joint resolution proposing a constitutional amendment to establish an education endowment in the principal of the Alaska permanent fund. The purpose of the amendment is to provide a stable, long-term, and critically important source of funding for public elementary and secondary schools in Alaska.

Over the last few years, Alaska's public school funding has been subject to increasing uncertainty due to volatility of oil revenue, fluctuation of local property value, and decreasing federal support. This funding uncertainty endangers the ability of the public schools to offer quality education to children. To ensure a bright future for our children and our state, we must provide a stable financial base for education.

By placing the education endowment within the principal of the Alaska permanent fund, the endowment will enjoy the trust management and high earnings of the fund. The permanent fund will gain the increased support of a notable constituency -- Alaskans who care for our children's future. Under the proposed amendment, no less than 40 percent of the annual income of the permanent fund will be safeguarded for education. Dividends and the permanent fund assets will continue to grow.

Because this measure proposes a constitutional amendment, it must be placed before the voters for their approval at the next general election, in 1990.

I urge your favorable consideration of this resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor