

MEMORANDUM APPENDIX II  
Governor's Permanent Fund Concerns - 1979

TO: [ Senator Clem Tillion

DATE: April 17, 1979

FILE NO:

TELEPHONE NO:

FROM: Governor Hammond 

SUBJECT: Permanent Fund Legislation;  
Loan Programs

The following are my bottom line concerns regarding permanent fund enabling legislation and reorganization of the loan programs. I will be flexible regarding details and other aspects of the legislation, but I hope to see the following principles incorporated into any permanent fund legislation which arrives on my desk.

Permanent Fund

1. The permanent fund should be managed as an inviolable trust fund. This means that these funds should be invested in a safe, secure manner to provide a relatively certain flow of income. The principal of the permanent fund may not be used as a guarantee for any debt nor may the fund be used to guarantee debt of its own.
2. 50% of income return to general fund and 50% of income for specific programs as designated by the legislature, such as guarantees for hydro projects, guarantees for state loans, dividends to Alaskans (Ak., Inc.), provided that at a minimum of 25% of earnings would be returned to Alaskans.
3. Investment of permanent fund principal should be based on a list of eligible investments identified as appropriate with respect to risk level and return to the fund.
4. All permanent fund investments should yield a market rate of return.
5. Fund managers should be limited to operating within the guidelines specified in enabling legislation. They are not to be responsible for designing or implementing social or economic policy outside of their specific mandate.
6. No reorganization of state government for loan programs.
7. Increase contribution rate of 50% of bonuses and royalties, at a minimum.
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