



## CITY OF WASILLA

290 E. HERNING AVE.  
WASILLA, ALASKA 99687  
PHONE: (907) 373-9050  
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COUNCIL MEMORANDUM NO. 90-13

FROM: Mayor Stein

DATE: January 23, 1990

RE: Proposed Constitutional Amendment on Permanent Fund Use

Fairbanks North Star Borough has asked our support of a proposed constitutional amendment to restrict use of the Permanent Fund earnings to the payment of dividends and inflation proofing.

Their letter and resolution are attached.

Does Council support this amendment and, if so, do you wish to pass a similar resolution?

  
\_\_\_\_\_  
John C. Stein, Mayor

*No action taken*



# Fairbanks North Star Borough

## Silver Anniversary

January 17, 1990

RECEIVED

JAN 22 1990

City of Wasilla, Alaska

Mayor John Stein  
City of Wasilla  
290 East Hearnig Avenue  
Wasilla, Alaska 99687

Enclosed for your information is Resolution No. 89-112, recently adopted by the Fairbanks North Star Borough Assembly.

This resolution supports placing a Constitutional Amendment on the November 1990 General Election ballot establishing the dividends and inflation proofing as the sole use of Permanent Trust Fund earnings. The ballot proposition should read as follows:

"Shall 50% of the earnings of the PERMANENT FUND TRUST be used for dividends and the remainder of the Fund's earnings be used for inflation proofing of the principle?"

Please forward a copy of this resolution to your Assembly/Council members and School Boards for their consideration in adopting similar legislation and forwarding to their Representatives.

Sincerely,

A handwritten signature in cursive script that reads "Mona".

Mona Lisa Drexler, CMC  
Municipal Borough Clerk

By: Donna Gilbert  
Introduced: 11/09/89  
Postponed: 11/09/89  
Adopted: 11/30/89

RESOLUTION NO. 89-112

A RESOLUTION SUPPORTING THE PERMANENT FUND TRUST  
DIVIDEND PROGRAM

WHEREAS, in 1976, the people of Alaska by a vote of 75,588 to 38,518 amended the Alaska State Constitution and established the Alaska Permanent Fund Trust; and

WHEREAS, the Permanent Fund was established as an inviolate trust to conserve, protect and produce wealth to benefit all present and future generations of Alaskans; and

WHEREAS, earnings of the Permanent Fund Trust belong to all the people of Alaska; and

WHEREAS, since 1982, 2.189 billion dollars of Permanent Fund Trust earnings have been distributed to eligible Alaskans by dividends; and

WHEREAS, family dividend income reduces poverty; and

WHEREAS, each eligible Alaska family of 4, regardless of their geographic location or socio-economic class, has to date received \$20,343.92 in trust dividends; and

WHEREAS, in 1989, for a family of 4 with a \$40,000 gross income, dividend income represents 8.7 % of family income, for a family of 4 with \$20,000 gross income, the dividend represents 17.4 % of family income, and for a family of 4 with \$15,000 gross income, the dividend represents 23.28 % of family income; and

WHEREAS, the dividends, during the latest 3 year economic "bust" have offset some of the negative effects of our historic boom or bust economic cycle by predictably and reliably placing \$144.48 million into the Fairbanks North Star Borough's economy; and

WHEREAS, because of the 1.8 multiplying factor resulting from individual spending of their dividend money and its circulation within our economy, the overall economy of the Fairbanks North Star Borough and the economy of the State of Alaska has been significantly improved by the creation of 5,000 private sector jobs.

WHEREAS, it has been demonstrated beyond reasonable doubt, that the Permanent Fund Dividend greatly benefits our constitutes, our quality of life, and our state; and

WHEREAS, the Alaska State Constitution, Article IX Section 15 does not provide for either the Permanent Fund Dividend program or inflation proofing.

NOW, THEREFORE, BE IT RESOLVED, that the Fairbanks North Star Borough Assembly, on behalf of our rural and urban borough residents, supports placing a Constitutional Amendment on the November 1990 General Election ballot establishing the dividends and inflation proofing as the sole use of Permanent Trust Fund earnings

BE IT FURTHER RESOLVED, that the ballot proposition shall read as follows:

"Shall 50% of the earnings of the PERMANENT FUND TRUST be used for dividends and the remainder of the Fund's earnings be used for inflation proofing of the principle?"

BE IT FURTHER RESOLVED that attachment A be used as a guide for the Constitutional Amendment.

BE IT FURTHER RESOLVED that the Fairbanks North Star Borough lobbyist be instructed to lobby for implementation of this resolution

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Steve Cowper, Governor, State of Alaska, Hugh Malone, Commissioner, Department of Revenue, all first and second class municipalities, school boards and all members of the Alaska State Legislature.

PASSED AND APPROVED THIS 30TH DAY OF NOVEMBER, 1989.

  
\_\_\_\_\_  
Presiding Officer

ATTEST:

  
\_\_\_\_\_  
Clerk of the Assembly

ATTACHMENT A

JOINT RESOLUTION NO.  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
LEGISLATURE-SESSION

Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund and providing that income distribution may be changed only by law approved by a vote of the people.

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

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

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

Section 2. Article IX, section 15, Constitution of the State of Alaska is amended by adding new subsections to read:

(b) At the end of each fiscal year, 50% of the income earned on the principal of the permanent fund shall be distributed as dividends to state residents as provided by law. The remainder shall be deemed [AN AMOUNT] sufficient to offset the effect of inflation on the principal of the permanent fund during the year and shall be transferred from the balance of the income to the principal of the permanent fund as provided by law. [THE REST OF THE INCOME SHALL BE DEPOSITED INTO A SEPARATE ACCOUNT IN THE ALASKA PERMANENT FUND AND SHALL BE AVAILABLE FOR APPROPRIATION.]

(c) The distribution of income under (b) of this section during a fiscal year may be changed only by law approved by a vote of the people.

Section 3. The amendments proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with article XIII, Section 1, Constitution of the State of Alaska, and the election laws of the state.