

Gov. Hammond in Favor of Permanent Funds

Governor Jay Hammond said today he is in favor of a permanent fund for future oil and gas lease sale bonus funds. At the same time, however, he was critical of a House passed version of a permanent fund because "it would seriously cripple our options as we try to meet the financial shortfall just around the corner."

The House Bill would require 90 per cent of bonus funds to be placed in the permanent fund. Hammond said, "That would remove a possible Beaufort Island lease sale as one alternative to raising money."

Of the permanent fund bill in Senate Finance Committee, the

Governor said, "It is either ten years too late or two years too early to be of great value to Alaskans."

Hammond said he favors a sliding scale of payments into a permanent fund. "I recommend this legislature enact a permanent fund with an increasing percentage contribution in three year intervals. Because of the fiscal crunch immediately facing the State I recommend that no more than 20 per cent of possible proceeds be set aside into a permanent fund until July 1, 1978.

"When considered with the renewable resources fund at five per cent and the Native Claims

Act override of two per cent this would still provide for 73 per cent of any bonus proceeds to meet our urgent financial needs for the next several year period.

"I recommend increasing the amount of bonus funds to be deposited in the fund to 40 per cent from July 1978 through July 1981, and increasing the figure to 60 per cent thereafter."

The Governor also has questions about the permanency of such a legislatively created fund. "I am concerned what this legislation establishes, another may disestablish. Therefore, to ensure the permanency of the fund does not fluctuate without careful consideration, I will next year

introduce legislation to provide for a Constitutional Amendment on the November 1976 ballot to provide for future oil and gas lease sale bonus funds.

"I also suggest the requirement of a 3/4 majority vote of the legislature to appropriate any principal amount from the fund. This I believe would allow some flexibility in case of an unforeseen crisis."

Hammond also said, "Because this is an issue of great statewide concern, I have asked the Alaska Growth Council chaired by Lt. Governor Lowell Thomas, Jr., to hold a series of public hearings in the summer and fall to provide an opportunity for the public to be heard on the permanent fund issue."