

**Investing  
in  
Alaska's  
Future  
The  
Capital  
Investment  
Fund**

A proposal by  
Commonwealth North

**The  
need  
to build  
an  
economic  
backbone**

In 1976 the Legislature and the people of Alaska approved the creation of a state Permanent Fund, a savings account for future generations. Now, another fund is needed to provide what the Permanent Fund cannot—investment in an infrastructure.

The Alaska Capital Investment Fund offers the state an opportunity to transcend its colonial economy and hasten the day when it can join its sister states in the benefits which a broad-based market economy brings.

### **FREEDOM FROM ‘BOOM AND BUST’**

Alaska is fortunate to be enjoying a time of revenue surplus. The state's leadership can now free the state from its inordinate dependence on the South 48 and build a year-round economy.

If Alaska is not to go the way of the boom towns of the western frontier, it is imperative that there be reinvestment of current revenues within the state. That reinvestment should be in projects which create an economic backbone on which the private sector can build.

### **WHERE SHOULD WE INVEST? ALASKA!**

Alaska's surface transportation facilities are woefully deficient. The Alaska Railroad operates only between Seward and Fairbanks, leaving huge areas without rail service. America's interstate highway system does not touch Alaska—alone of all the states. In Alaska the basic means of transportation for people and freight is by air, the most expensive of all means of travel and commerce.

Much of the same can be said of the state's basic utilities. There is a clear need to develop cost-effective, modern utilities and to integrate them wherever possible.

### **WE HAVE THE OPPORTUNITY AND THE ABILITY.**

Historically, Alaska has been capital-poor. Now, however, Alaska's public sector has the opportunity and the ability to invest in the most meaningful form of capital, the transportation and power projects that will allow the economy to diversify. This type of capital development also inherently contains the ability to achieve a goal of great merit: it can knit together rural and urban Alaska.

### **A UNIQUE STATE—A UNIQUE SOLUTION**

This brochure describes how such an Alaska Capital Investment Fund can be established and how it might best be managed.

Parallel institutions in other states and Canada have been studied, including the Texas Railroad Commission, the Seattle Port Authority and the Alberta Heritage Fund. None of them, however, reflects the unique opportunity faced by the current generation of Alaskans.

This unique situation requires a unique solution.

SOLUTION

# Alaska Capital Investment Fund



**RESOURCE DEVELOPMENT**  
Over 95% of state revenue

Generates economic activity that in turn re-supplies state treasury.

10% of revenues  
(expected to increase to 15 to 20%)\*

**STATE TREASURY**

15% of revenues

75% of revenues

**PERMANENT FUND**  
Interest earned returns to General Fund

**ALASKA CAPITAL INVESTMENT FUND**  
Energy and transportation infrastructure

**GENERAL FUND**

1. State operations and housekeeping.
2. Capital improvements/schools, libraries, government buildings.
3. Loan programs.

\*Note: Through special appropriations, the Legislature has dedicated much greater amounts to the Permanent Fund than required by law. In Fiscal Year 1980-81, 29% of revenues were so dedicated. In FY 1981-82, 41%. (Source: Alaska Department of Revenue).