

HOUSE BILL NO. 4003

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Introduced: 10/4/21

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to use of income of the Alaska permanent fund; relating to the amount**
2 **of the permanent fund dividend; relating to the duties of the commissioner of revenue;**
3 **and providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 37.13.140 is amended to read:

6 **Sec. 37.13.140. Income.** (a) Net income of the fund includes income of the
7 earnings reserve account established under AS 37.13.145. Net income of the fund shall
8 be computed annually as of the last day of the fiscal year in accordance with generally
9 accepted accounting principles, excluding any unrealized gains or losses. [INCOME
10 AVAILABLE FOR DISTRIBUTION EQUALS 21 PERCENT OF THE NET
11 INCOME OF THE FUND FOR THE LAST FIVE FISCAL YEARS, INCLUDING
12 THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED NET INCOME OF
13 THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS THE BALANCE IN
14 THE EARNINGS RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

1 (b) The corporation shall determine the amount available for appropriation
 2 each year. The amount available for appropriation is five percent of the average
 3 market value of the fund for the first five of the preceding six fiscal years, including
 4 the fiscal year just ended, computed annually for each fiscal year in accordance with
 5 generally accepted accounting principles. In this subsection, "average market value of
 6 the fund" includes the balance of the earnings reserve account established under
 7 AS 37.13.145, but does not include that portion of the principal attributed to the
 8 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
 9 Judicial District). **The amount available for appropriation may not exceed the**
 10 **balance in the earnings reserve account described in AS 37.13.145.**

11 * **Sec. 2.** AS 37.13.145(b) is amended to read:

12 (b) **Each** [AT THE END OF EACH] fiscal year, the **legislature may**
 13 **appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve
 14 account to the

15 (1) dividend fund established under AS 43.23.045, **25** [50] percent of
 16 the **amount** [INCOME] available for **appropriation** [DISTRIBUTION] under
 17 **AS 37.13.140(b); and**

18 (2) **general fund, 75 percent of the amount available for**
 19 **appropriation under AS 37.13.140(b)** [AS 37.13.140].

20 * **Sec. 3.** AS 37.13.145(c) is amended to read:

21 (c) After the **appropriations** [TRANSFER] under (b) [AND AN
 22 APPROPRIATION UNDER (e)] of this section, the **legislature may appropriate**
 23 [CORPORATION SHALL TRANSFER] from the earnings reserve account to the
 24 principal of the fund an amount sufficient to offset the effect of inflation on the
 25 principal of the fund during that fiscal year. However, none of the amount transferred
 26 shall be applied to increase the value of that portion of the principal attributed to the
 27 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
 28 Judicial District) on July 1, 2004. The corporation shall calculate the amount to
 29 transfer to the principal under this subsection by

30 (1) computing the average of the monthly United States Consumer
 31 Price Index for all urban consumers for each of the two previous calendar years;

1 (2) computing the percentage change between the first and second
2 calendar year average; and

3 (3) applying that rate to the value of the principal of the fund on the
4 last day of the fiscal year just ended, including that portion of the principal attributed
5 to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court,
6 First Judicial District).

7 * **Sec. 4.** AS 37.13.145(d) is amended to read:

8 (d) Notwithstanding (b) of this section, income earned on money awarded in
9 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
10 Court, First Judicial District), including settlement, summary judgment, or adjustment
11 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
12 on the money, or on the earnings of the money shall be treated in the same manner as
13 other income of the Alaska permanent fund, except that it **may** [IS] not **be included in**
14 **the calculation of the amount** available for **appropriation under AS 37.13.140(b)**
15 **or** [DISTRIBUTION TO THE DIVIDEND FUND, FOR TRANSFERS] to the
16 principal under (c) of this section [, OR FOR AN APPROPRIATION UNDER (e) OF
17 THIS SECTION,] and shall be annually deposited into the Alaska capital income fund
18 (AS 37.05.565).

19 * **Sec. 5.** AS 37.13.300(c) is amended to read:

20 (c) Net income from the mental health trust fund may not be included in the
21 computation of net income **of the fund, the** [OR] market value **of the fund, or the**
22 **amount** available for [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)**
23 [AS 37.13.140].

24 * **Sec. 6.** AS 37.14.031(c) is amended to read:

25 (c) The net income of the fund shall be determined by the Alaska Permanent
26 Fund Corporation **and shall be computed annually as of the last day of the fiscal**
27 **year in accordance with generally accepted accounting principles, excluding any**
28 **unrealized gains or losses** [IN THE SAME MANNER THE CORPORATION
29 DETERMINES THE NET INCOME OF THE ALASKA PERMANENT FUND
30 UNDER AS 37.13.140].

31 * **Sec. 7.** AS 43.23.025(a) is amended to read:

1 (a) By October 1 of each year, the commissioner shall determine the value of
2 each permanent fund dividend for that year by

3 (1) determining the total amount available for dividend payments,
4 which equals

5 (A) the amount appropriated [OF INCOME OF THE
6 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
7 under AS 37.13.145(b) during the current year;

8 (B) plus the unexpended and unobligated balances of prior
9 fiscal year appropriations that lapse into the dividend fund under
10 AS 43.23.045(d);

11 (C) less the amount necessary to pay prior year dividends from
12 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
13 43.23.055(3) and (7);

14 (D) less the amount necessary to pay dividends from the
15 dividend fund due to eligible applicants who, as determined by the department,
16 filed for a previous year's dividend by the filing deadline but who were not
17 included in a previous year's dividend computation;

18 (E) less appropriations from the dividend fund during the
19 current year, including amounts to pay costs of administering the dividend
20 program and the hold harmless provisions of AS 43.23.240;

21 (2) determining the number of individuals eligible to receive a
22 dividend payment for the current year and the number of estates and successors
23 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

24 (3) dividing the amount determined under (1) of this subsection by the
25 amount determined under (2) of this subsection.

26 * **Sec. 8.** AS 37.13.145(e) and 37.13.145(f) are repealed.

27 * **Sec. 9.** This Act takes effect July 1, 2022.