

HOUSE BILL NO. 4009

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY REPRESENTATIVE HOPKINS

Introduced: 10/12/21

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska permanent fund; relating to dividends for state residents;**
2 **relating to the use of certain state income; and providing for an effective date."**

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

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

5 **Sec. 37.13.140. Income.** (a) [NET INCOME OF THE FUND INCLUDES
6 INCOME OF THE EARNINGS RESERVE ACCOUNT ESTABLISHED UNDER
7 AS 37.13.145.] Net income of the fund shall be computed annually as of the last day
8 of the fiscal year in accordance with generally accepted accounting principles,
9 excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
10 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND
11 FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST
12 ENDED, BUT MAY NOT EXCEED NET INCOME OF THE FUND FOR THE
13 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS
14 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. **The amount available for appropriation**
 6 **may not exceed the balance in the earnings reserve account described in**
 7 **AS 37.13.145.** In this subsection, "average market value of the fund" includes the
 8 balance of the earnings reserve account established under AS 37.13.145, but does not
 9 include that portion of the principal attributed to the settlement of State v. Amerada
 10 Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).

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 dividend fund established under AS 43.23.045,

15 **(1) 10 percent of the amount available for appropriation under**
 16 **AS 37.13.140(b) in fiscal year 2023;**

17 **(2) 15 percent of the amount available for appropriation under**
 18 **AS 37.13.140(b) in fiscal year 2024;**

19 **(3) 20 percent of the amount available for appropriation under**
 20 **AS 37.13.140(b) in fiscal year 2025;**

21 **(4) 25 percent of the amount available for appropriation under**
 22 **AS 37.13.140(b) in each fiscal year after fiscal year 2025** [50 PERCENT OF THE
 23 INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

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

25 (c) After the **appropriations** [TRANSFER] under (b) and [AN
 26 APPROPRIATION UNDER] (e) of this section, the **legislature may appropriate**
 27 [CORPORATION SHALL TRANSFER] from the earnings reserve account to the
 28 principal of the fund an amount sufficient to offset the effect of inflation on the
 29 principal of the fund during that fiscal year. However, none of the amount
 30 **appropriated under this subsection** [TRANSFERRED] shall be applied to increase
 31 the value of that portion of the principal attributed to the settlement of State v.

1 Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on
 2 July 1, 2004. The corporation shall calculate the amount **that may be appropriated**
 3 [TO TRANSFER] to the principal under this subsection by

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

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

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

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

13 (d) Notwithstanding (b) of this section, income earned on money awarded in
 14 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
 15 Court, First Judicial District), including settlement, summary judgment, or adjustment
 16 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
 17 on the money, or on the earnings of the money shall be treated in the same manner as
 18 other income of the Alaska permanent fund, except that it is not available for
 19 **appropriation** [DISTRIBUTION] to the dividend fund **under AS 37.13.140(b)**, for
 20 **an appropriation** [TRANSFERS] to the principal under (c) of this section, or for an
 21 appropriation under (e) of this section, and shall be annually deposited into the Alaska
 22 capital income fund (AS 37.05.565).

23 * **Sec. 5.** AS 37.13.145(f) is amended to read:

24 (f) The combined total of the **appropriations** [TRANSFER] under (b) **and**
 25 [OF THIS SECTION AND AN APPROPRIATION UNDER] (e) of this section may
 26 not exceed the amount available for appropriation under AS 37.13.140(b).

27 * **Sec. 6.** AS 37.13.300(c) is amended to read:

28 (c) Net income from the mental health trust fund may not be included in the
 29 computation of **the amount** [NET INCOME OR MARKET VALUE] available for
 30 [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)** [AS 37.13.140].

31 * **Sec. 7.** AS 37.14.031(c) is amended to read:

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

7 * **Sec. 8.** AS 43.23.025(a) is amended to read:

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

10 (1) determining the total amount available for dividend payments,
 11 which equals

12 (A) the amount **appropriated** [OF INCOME OF THE
 13 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
 14 under AS 37.13.145(b) **and AS 43.23.045(f)** during the current year;

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

18 (C) less the amount necessary to pay prior year dividends from
 19 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
 20 43.23.055(3) and (7);

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

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

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

31 (3) dividing the amount determined under (1) of this subsection by the

1 amount determined under (2) of this subsection.

2 * **Sec. 9.** AS 43.23.028(a) is amended to read:

3 (a) By October 1 of each year, the commissioner shall give public notice of
4 the value of each permanent fund dividend for that year and notice of the information
5 required to be disclosed under **(2)** [(3)] of this subsection. In addition, the stub
6 attached to each individual dividend disbursement advice must

7 (1) disclose the amount of each dividend attributable to **legislative**
8 **appropriations** [INCOME EARNED BY THE PERMANENT FUND FROM
9 DEPOSITS TO THAT FUND REQUIRED UNDER ART. IX, SEC. 15,
10 CONSTITUTION OF THE STATE OF ALASKA];

11 (2) [DISCLOSE THE AMOUNT OF EACH DIVIDEND
12 ATTRIBUTABLE TO INCOME EARNED BY THE PERMANENT FUND FROM
13 APPROPRIATIONS TO THAT FUND AND FROM AMOUNTS ADDED TO
14 THAT FUND TO OFFSET THE EFFECTS OF INFLATION];

15 (3)] disclose the amount by which each dividend has been reduced due
16 to each appropriation from the dividend fund, including amounts to pay the costs of
17 administering the dividend program and the hold harmless provisions of
18 AS 43.23.240;

19 **(3)** [(4)] include a statement that an individual is not eligible for a
20 dividend when

21 (A) during the qualifying year, the individual was convicted of
22 a felony;

23 (B) during all or part of the qualifying year, the individual was
24 incarcerated as a result of the conviction of a

25 (i) felony; or

26 (ii) misdemeanor if the individual has been convicted of
27 a prior felony or two or more prior misdemeanors;

28 **(4)** [(5)] include a statement that the legislative purpose for making
29 individuals listed under **(3)** [(4)] of this subsection ineligible is to

30 (A) provide funds for services for and payments to crime
31 victims and operating costs of the Violent Crimes Compensation Board;

1 (B) provide funds to pay restitution owed to crime victims;

2 (C) provide funds for grants to nonprofit organizations for
3 services for crime victims and for mental health services and substance abuse
4 treatment for offenders;

5 (D) provide funds for the office of victims' rights;

6 (E) provide funds to the Council on Domestic Violence and
7 Sexual Assault for grants for the operation of domestic violence and sexual
8 assault programs; and

9 (F) obtain reimbursement for some of the costs imposed on the
10 Department of Corrections related to incarceration or probation of those
11 individuals;

12 (5) [(6)] disclose the total amount that would have been paid during the
13 previous fiscal year to individuals who were ineligible to receive dividends under
14 AS 43.23.005(d) if they had been eligible;

15 (6) [(7)] disclose the total amount transferred or appropriated for the
16 current fiscal year under AS 43.23.048 for each of the accounts, funds, and agencies
17 listed in AS 43.23.048.

18 * **Sec. 10.** AS 43.23.045 is amended by adding new subsections to read:

19 (f) Each fiscal year, the legislature may appropriate to the dividend fund an
20 amount equal to

21 (1) 35 percent of all oil and gas royalties and payments in fiscal year
22 2023;

23 (2) 40 percent of all oil and gas royalties and payments in fiscal year
24 2024;

25 (3) 45 percent of all oil and gas royalties and payments in fiscal year
26 2025;

27 (4) 50 percent of all oil and gas royalties and payments in each fiscal
28 year after fiscal year 2025.

29 (g) In this section, "oil and gas royalties and payments" means oil, gas, or oil
30 and gas lease rentals, royalties, royalty sale proceeds, and federal revenue sharing
31 payments and bonuses received by the state during a fiscal year.

1 * **Sec. 11.** This Act takes effect July 1, 2022.