

HOUSE CS FOR CS FOR SENATE BILL NO. 107(W&M)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Offered: 5/11/23

Referred: Finance

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska permanent fund; relating to income of the Alaska**
2 **permanent fund; relating to the amount available for appropriation and appropriations**
3 **from the earnings reserve account; relating to the permanent fund dividend; and**
4 **providing for an effective date."**

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE INTENT. It is the intent of the legislature to

9 (1) pass a constitutional amendment that

10 (A) requires the payment of permanent fund dividends to eligible state
11 residents; and

12 (B) provides that the payment of permanent fund dividends is a
13 constitutionally allowable dedication of funds;

14 (2) establish, in this Act, the statutory maximum annual draw on the earnings

1 reserve account as a percent of the market value of that account;

2 (3) establish, in this Act, the statutory amount of the annual permanent fund
3 dividend.

4 * **Sec. 2.** AS 37.13.140 is amended to read:

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

14 (b) The corporation shall determine the amount available for **distribution**
15 [APPROPRIATION] each year. The amount available for **distribution**
16 [APPROPRIATION] is five percent of the average market value of the fund for the
17 first five of the preceding six fiscal years, including the fiscal year just ended,
18 computed annually for each fiscal year in accordance with generally accepted
19 accounting principles. In this subsection, "average market value of the fund" includes
20 the balance of the earnings reserve account established under AS 37.13.145, but does
21 not include that portion of the principal attributed to the settlement of State v.
22 Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).

23 * **Sec. 3.** AS 37.13.145(b) is amended to read:

24 (b) **Each** [AT THE END OF EACH] fiscal year, the corporation shall transfer
25 from the earnings reserve account to the dividend fund established under
26 **AS 37.13.470** [AS 43.23.045], 50 percent of the income available for distribution
27 under **AS 37.13.140(b) for the payment of permanent fund dividends and for**
28 **administrative and associated costs for the fiscal year. A transfer under this**
29 **subsection may not exceed the balance of the earnings reserve account**
30 [AS 37.13.140].

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

1 (d) Notwithstanding (b) of this section, income earned on money awarded in
 2 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
 3 Court, First Judicial District), including settlement, summary judgment, or adjustment
 4 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
 5 on the money, or on the earnings of the money shall be treated in the same manner as
 6 other income of the Alaska permanent fund, except that it **may not be included in the**
 7 **computation of the income available for distribution**, is not available for **transfer**
 8 [DISTRIBUTION] to the dividend fund [, FOR TRANSFERS TO THE PRINCIPAL]
 9 under **(b)** [(c)] of this section [,] or for an appropriation under (e) of this section, and
 10 shall be annually deposited into the Alaska capital income fund (AS 37.05.565).

11 * **Sec. 5.** AS 37.13.145(e) is amended to read:

12 (e) **Each fiscal year, the** [THE] legislature may [NOT] appropriate **an**
 13 **amount** from the earnings reserve account to the general fund [A TOTAL AMOUNT
 14 THAT EXCEEDS THE AMOUNT AVAILABLE FOR APPROPRIATION UNDER
 15 AS 37.13.140(b) IN A FISCAL YEAR].

16 * **Sec. 6.** AS 37.13.145(f) is amended to read:

17 (f) **Each fiscal year, the** [THE] combined total of the transfer under (b) of this
 18 section and an appropriation under (e) of this section may not exceed **the lesser of**
 19 **(1)** the amount available for **distribution** [APPROPRIATION] under
 20 AS 37.13.140(b); **or**
 21 **(2) the balance of the earnings reserve account.**

22 * **Sec. 7.** AS 37.13.300(c) is amended to read:

23 (c) Net income from the mental health trust fund may not be included in the
 24 computation of **the** [NET] income [OR MARKET VALUE] available for distribution
 25 [OR APPROPRIATION] under **AS 37.13.140(b)** [AS 37.13.140].

26 * **Sec. 8.** AS 37.13.145(c) is repealed.

27 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
 28 read:

29 **CONDITIONAL EFFECT.** This Act takes effect only if, by July 1, 2024, the
 30 legislature passes a resolution proposing an amendment to art. IX, sec. 15, Constitution of the
 31 State of Alaska, that requires an annual permanent fund dividend be paid to eligible residents

1 of the state.

2 * **Sec. 10.** If this Act takes effect, it takes effect July 1, 2024.