

SENATE BILL NO. 153

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY SENATOR KIEHL

Introduced: 1/7/22
Referred: Prefiled

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. **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) **Except as provided in (g) of this section,** [AT THE END OF] each fiscal
 13 year, the **legislature may appropriate** [CORPORATION SHALL TRANSFER] from
 14 the earnings reserve account to the dividend fund established under AS 43.23.045, **the**
 15 **amount necessary to distribute the following amounts for permanent fund**
 16 **dividends to each eligible individual for each of the following fiscal years:**

17 **(1) \$1,100 in fiscal year 2022;**

18 **(2) \$1,500 in fiscal year 2023;**

19 **(3) \$2,000 in fiscal year 2024; and**

20 **(4) \$2,250 in fiscal year 2025** [50 PERCENT OF THE INCOME

21 AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

22 * **Sec. 3.** AS 37.13.145(b), as amended by sec. 2 of this Act, is amended to read:

23 (b) **Each** [EXCEPT AS PROVIDED IN (g) OF THIS SECTION, EACH]
 24 fiscal year, the legislature may appropriate from the earnings reserve account to the

25 **(1) dividend fund established under AS 43.23.045, 50 percent of the**
 26 **amount available for appropriation under AS 37.13.140(b); and**

27 **(2) general fund, 50 percent of the amount available for**
 28 **appropriation under AS 37.13.140(b)** [THE AMOUNT NECESSARY TO
 29 DISTRIBUTE THE FOLLOWING AMOUNTS FOR PERMANENT FUND
 30 DIVIDENDS TO EACH ELIGIBLE INDIVIDUAL FOR EACH OF THE
 31 FOLLOWING FISCAL YEARS:

- 1 (1) \$1,100 IN FISCAL YEAR 2022;
- 2 (2) \$1,500 IN FISCAL YEAR 2023;
- 3 (3) \$2,000 IN FISCAL YEAR 2024; AND
- 4 (4) \$2,250 IN FISCAL YEAR 2025].

5 * **Sec. 4.** AS 37.13.145(c) is amended to read:

6 (c) After the **appropriations** [TRANSFER] under (b) and [AN
7 APPROPRIATION UNDER] (e) of this section, the corporation shall transfer from
8 the earnings reserve account to the principal of the fund an amount sufficient to offset
9 the effect of inflation on the principal of the fund during that fiscal year. However,
10 none of the amount transferred shall be applied to increase the value of that portion of
11 the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847
12 Civ. (Superior Court, First Judicial District) on July 1, 2004. The corporation shall
13 calculate the amount to transfer to the principal under this subsection by

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

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

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

22 * **Sec. 5.** AS 37.13.145(c), as amended by sec. 4 of this Act, is amended to read:

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

1 under this subsection by

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

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

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

10 * **Sec. 6.** AS 37.13.145(d) is amended to read:

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

22 * **Sec. 7.** AS 37.13.145(f) is amended to read:

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

26 * **Sec. 8.** AS 37.13.145 is amended by adding a new subsection to read:

27 (g) The amount appropriated for permanent fund dividends each year under
28 (b) of this section may be reduced if the amount necessary to distribute the dividends
29 for that year exceeds the amount available for appropriation under AS 37.13.140(b).

30 * **Sec. 9.** AS 37.13.300(c) is amended to read:

31 (c) Net income from the mental health trust fund may not be included in the

1 computation of net income **of the fund, the** [OR] market value **of the fund, or the**
 2 **amount** available for [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)**
 3 [AS 37.13.140].

4 * **Sec. 10.** AS 37.14.031(c) is amended to read:

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

11 * **Sec. 11.** AS 43.23.025(a) is amended to read:

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

14 (1) determining the total amount available for dividend payments,
 15 which equals

16 (A) the amount **appropriated** [OF INCOME OF THE
 17 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
 18 under AS 37.13.145(b) during the current year;

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

22 (C) less the amount necessary to pay prior year dividends from
 23 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
 24 43.23.055(3) and (7);

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

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

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

4 (3) dividing the amount determined under (1) of this subsection by the
5 amount determined under (2) of this subsection.

6 * **Sec. 12.** AS 37.13.145(e), 37.13.145(f), and 37.13.145(g) are repealed.

7 * **Sec. 13.** Sections 2, 4, 7, 8, and 11 of this Act take effect immediately under
8 AS 01.10.070(c).

9 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2025.