

SENATE BILL NO. 227

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

BY SENATOR HOFFMAN

Introduced: 2/24/20
Referred: 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 **providing for an effective date by repealing the effective date of sec. 8, ch. 16, SLA 2018;**
4 **and 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 set the amount of the
9 2020 and 2021 permanent fund dividend at \$1,600 for each eligible individual.

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

11 **Sec. 37.13.140. Income.** (a) [NET INCOME OF THE FUND INCLUDES
12 INCOME OF THE EARNINGS RESERVE ACCOUNT ESTABLISHED UNDER
13 AS 37.13.145.] Net income of the fund shall be computed annually as of the last day
14 of the fiscal year in accordance with generally accepted accounting principles,

1 excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
 2 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND
 3 FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST
 4 ENDED, BUT MAY NOT EXCEED NET INCOME OF THE FUND FOR THE
 5 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS
 6 RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

7 (b) The corporation shall determine the amount available for appropriation
 8 each year. The amount available for appropriation is 5.25 percent of the average
 9 market value of the fund for the first five of the preceding six fiscal years, including
 10 the fiscal year just ended, computed annually for each fiscal year in accordance with
 11 generally accepted accounting principles. In this subsection, "average market value of
 12 the fund" includes the balance of the earnings reserve account established under
 13 AS 37.13.145, but does not include that portion of the principal attributed to the
 14 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
 15 Judicial District). **The amount available for appropriation may not exceed the**
 16 **balance in the earnings reserve account described in AS 37.13.145.**

17 * **Sec. 3.** AS 37.13.140(b), as amended by sec. 2 of this Act, is amended to read:

18 (b) The corporation shall determine the amount available for appropriation
 19 each year. The amount available for appropriation is **five** [5.25] percent of the average
 20 market value of the fund for the first five of the preceding six fiscal years, including
 21 the fiscal year just ended, computed annually for each fiscal year in accordance with
 22 generally accepted accounting principles. In this subsection, "average market value of
 23 the fund" includes the balance of the earnings reserve account established under
 24 AS 37.13.145, but does not include that portion of the principal attributed to the
 25 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
 26 Judicial District). The amount available for appropriation may not exceed the balance
 27 in the earnings reserve account described in AS 37.13.145.

28 * **Sec. 4.** AS 37.13.145(b) is amended to read:

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

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

4 **(2) general fund, 50 percent of the amount available for**
 5 **appropriation under AS 37.13.140(b)** [AS 37.13.140].

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

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

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

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

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

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

25 (d) Notwithstanding (b) of this section, income earned on money awarded in
 26 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
 27 Court, First Judicial District), including settlement, summary judgment, or adjustment
 28 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
 29 on the money, or on the earnings of the money shall be treated in the same manner as
 30 other income of the Alaska permanent fund, except that it is not available for
 31 **appropriations** [DISTRIBUTION] to the dividend fund **under AS 37.13.140(b) or** [,

1 FOR TRANSFERS] to the principal under (c) of this section [, OR FOR AN
 2 APPROPRIATION UNDER (e) OF THIS SECTION,] and shall be annually
 3 deposited into the Alaska capital income fund (AS 37.05.565).

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

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

8 * **Sec. 8.** AS 37.14.031(c) is amended to read:

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

15 * **Sec. 9.** AS 43.23.025(a) is amended to read:

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

18 (1) determining the total amount available for dividend payments,
 19 which equals

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

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

26 (C) less the amount necessary to pay prior year dividends from
 27 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
 28 43.23.055(3) and (7);

29 (D) less the amount necessary to pay dividends from the
 30 dividend fund due to eligible applicants who, as determined by the department,
 31 filed for a previous year's dividend by the filing deadline but who were not

1 included in a previous year's dividend computation;

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

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

8 (3) dividing the amount determined under (1) of this subsection by the
9 amount determined under (2) of this subsection.

10 * **Sec. 10.** AS 37.13.145(e) and 37.13.145(f) are repealed.

11 * **Sec. 11.** Section 2, ch. 16, SLA 2018, is repealed.

12 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 **CONDITIONAL EFFECT.** Sections 2 - 11 and 13 of this Act take effect only if the
15 lieutenant governor certifies that the initiative identified as "An Act relating to the oil and gas
16 production tax, tax payments, and tax credits," petition ID:19OGTX, is enacted under
17 AS 15.45.220.

18 * **Sec. 13.** Section 8, ch. 16, SLA 2018, is repealed.

19 * **Sec. 14.** If, under sec. 12 of this Act, secs. 2, 4 - 11, and 13 of this Act take effect, they
20 take effect on the day after the date the lieutenant governor certifies that the initiative
21 described in sec. 12 of this Act is enacted under AS 15.45.220.

22 * **Sec. 15.** If, under sec. 12 of this Act, sec. 3 of this Act takes effect, it takes effect
23 January 1, 2023.