



LAWS OF ALASKA

2018

Source
CCS SB 26

Chapter No.

AN ACT

Relating to the earnings of the Alaska permanent fund and the earnings reserve account; relating to the mental health trust fund; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to the earnings of the Alaska permanent fund and the earnings reserve account;
2 relating to the mental health trust fund; and providing for an effective date.

3
4 * **Section 1.** AS 37.13.140 is amended by adding a new subsection to read:

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

14 * **Sec. 2.** AS 37.13.140(b), added by sec. 1 of this Act, is amended to read:

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

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

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

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

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

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

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

(d) Notwithstanding (b) of this section, income earned on money awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned

1 on the money, or on the earnings of the money shall be treated in the same manner as
2 other income of the Alaska permanent fund, except that it is not available for
3 distribution to the dividend fund, [OR] for transfers to the principal under (c) of this
4 section, or for an appropriation under (e) of this section, and shall be annually
5 deposited into the Alaska capital income fund (AS 37.05.565).

6 * **Sec. 5.** AS 37.13.145 is amended by adding new subsections to read:

7 (e) The legislature may not appropriate from the earnings reserve account to
8 the general fund a total amount that exceeds the amount available for appropriation
9 under AS 37.13.140(b) in a fiscal year.

10 (f) The combined total of the transfer under (b) of this section and an
11 appropriation under (e) of this section may not exceed the amount available for
12 appropriation under AS 37.13.140(b).

13 * **Sec. 6.** AS 37.13.150 is amended to read:

14 **Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's
15 investments must be identified as the source of the operating budget of the corporation
16 in the state's operating budget under AS 37.07 (Executive Budget Act). The
17 unexpended balance of the corporation's annual operating budget does not lapse at the
18 end of the fiscal year but shall be treated as income and part of the market value of
19 the fund under AS 37.13.140.

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

21 (c) Net income from the mental health trust fund may not be included in the
22 computation of net income or market value available for distribution or
23 appropriation under AS 37.13.140.

24 * **Sec. 8.** Section 2 of this Act takes effect July 1, 2021.

25 * **Sec. 9.** Except as provided in sec. 8 of this Act, this Act takes effect July 1, 2018.