

# ALASKA STATE LEGISLATURE

## SENATE FINANCE COMMITTEE

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### Sectional Analysis CS Senate Bill 128(FIN) 29-GS2859\N

**“An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation of permanent fund dividends; and providing for an effective date.”**

- \*Section 1: Legislative intent that the legislature reevaluate the use of the earnings of the Permanent Fund in three years
- \*Section 2: Amerada Hess income no longer flows to the Capital Income Fund. Segregation of these funds is no longer legally required
- \*Section 3: Dedicated deposits of royalties to the Permanent Fund are reduced from the current 25/50 split on old/new leases to the constitutional minimum of 25%
- \*Section 4: (a) Requires the Alaska Permanent Fund Corporation to determine the net income of the earnings reserve account as the income is realized and received  
  
(b) Defines the Percent of Market Value payout as 5.25% of the average year-end market value of the Permanent Fund and Earnings Reserve Account for the first five of the most recently completed six fiscal years. The payout may not exceed the year-end balance of the earnings reserve account for the fiscal year just ended
- \*Section 5: AS 37.13.145 is the Disposition of Income of the Permanent Fund statute
  - (a) Unchanged – Establishes the ERA and identifies the ERA as holding earnings of the Permanent Fund and ERA
  - (b) Repealed in this bill – dividends based on statutory net income
  - (c) Repealed in this bill – inflation proofing
  - (d) Repealed in this bill – segregation of Amerada Hess

(e) Added in this section – each year the legislature may appropriate to the General Fund the amount available for distribution from the Earnings Reserve Account under the POMV in Sec. 4 (b)

\*Section 6: Dividends are comprised of 20% of the 5.25% POMV outlined in Sec. 4(b), and 20% of prior year royalties, excludes those dedicated to the Permanent Fund or School Fund (25.5% are dedicated)

\*Section 7: Mental Health Trust Fund may not be included in the computation of income available for distribution under the POMV

\*Section 8: Makes computation of Mental Health Trust Fund income consistent with computation of other Permanent Fund Income

\*Section 9: Transfer of money to the Dividend Fund requires an appropriation

\*Section 10: The amount of each Permanent Fund Dividend for fiscal years 2017, 2018, and 2019 shall be \$1,000

\*Section 11: Conforms to Sec. 9, which moves money to the Dividend Fund by appropriation

\*Section 12: Once the money is in the Dividend Fund, the Department of Revenue shall annually pay dividends without further appropriation

\*Section 13: Repeals language relating to the former dividend calculation, inflation proofing calculation, and Amerada Hess language

\*Section 14: Repeals Sec. 10 - \$1,000 dividend for three years

\*Section 15: The Commissioner of Revenue and the Alaska Permanent Fund Corporation may adopt regulations, policies and procedures to implement this Act

\*Section 16: Retroactivity clause

\*Section 17: Effective Date for sections 15 and 16, immediate

Section 18: Effective Date, July 1, 2016