

# 29<sup>th</sup> Alaska State Legislature

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## Senator Lesil McGuire

### Senate Bill 114

#### Summary of Changes SB 114 version W to SS for SB version F

##### **Section 1.** AS 37.13.101 (a)

- Language was deleted that differentiated between leases issued on or before certain dates. There had previously been a distinction between leases issued for the Prudhoe Bay area and the Beaufort Sea area and different royalty rates had applied.

##### **Section 3.** AS 37.13.140

- Two different subsections were created in order to differentiate between the way that the corporation determines income and to explain the calculation of the distribution.
  - Subsection (a) directs the corporation to determine “net income” as it is realized and received.
  - Subsection (b) directs the corporation to determine the amount for distribution at the beginning of the fiscal year and that it shall be five (5) percent of the average market value of the permanent fund, including the earnings reserve, for the preceding five (5) fiscal years.

##### **Section 4.** AS 37.13.145

- Section 4 was renumbered to Section 5.
- The new Section 4 establishes that income from the earnings reserve that will be deposited into the general fund shall be deposited into that fund rather than remain within the earnings reserve.

##### **Section 5.** AS 37.13.145

- Formerly Section 4

##### **Section 6.**

- Formerly Section 5. AS 37.13.145 (e)
  - Language was changed to reflect that the deposits from the earnings reserve to the general fund shall take place within thirty (30) days after they are received until the amount determined for distribution has been achieved.

**Section 7.**

- Formerly Section 6

**Section 8.**

- A new section was added to clarify that the corporation shall compute annually the net income of the fund excluding unrealized gains or losses.

**Section 9.**

- Formerly Section 7

**Section 10.**

- Formerly Section 8

**Section 11.**

- Formerly Section 9

**Section 12.**

- A new section was added to repeal language relating to transfers from the earnings reserve to the dividend fund and to the principle for inflation proofing.

**Section 13.**

- A new Section: Transition language.
  - Subsection (a) allows the 2016 dividend to be calculated by current methodology. The change to the dividend calculation would come for the 2017 dividend year.
  - Subsection (b) The Commissioner of Revenue and the Alaska Permanent Fund Corporation may adopt regulations, policies and procedures necessary to implement this Act.

**Section 14.**

- New Section: Statement of Retroactivity

**Section 15.**

- New Section: effective date