

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR STOLTZE

TO: C S S S S B 114(STA), Draft Version "U"

1 Page 2, following line 8:

2 Insert a new bill section to read:

3 **"* Sec. 2.** AS 37.13.010(a), as amended by sec. 1 of this Act, is amended to read:

4 (a) Under art. IX, sec. 15, of the state constitution, there is established as a
5 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

6 (1) 25 percent of all mineral lease rentals, royalties, royalty sale
7 proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue
8 sharing payments received by the state from mineral leases **issued on or before**
9 **December 1, 1979**, and 25 percent of all bonuses received by the state from mineral
10 leases **issued on or before February 15, 1980**;

11 **(2) 50 percent of all mineral lease rentals, royalties, royalty sale**
12 **proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral**
13 **revenue sharing payments received by the state from mineral leases issued after**
14 **December 1, 1979, and 50 percent of all bonuses received by the state from**
15 **mineral leases issued after February 15, 1980**; and

16 **(3) [(2)]** any other money appropriated to or otherwise allocated by
17 law or former law to the Alaska permanent fund."

18

19 Renumber the following bill sections accordingly.

20

21 Page 3, following line 5:

22 Insert a new bill section to read:

23 **"* Sec. 5.** AS 37.13.140, as amended by sec. 4 of this Act, is amended to read:

1 **Sec. 37.13.140. Income.** [(a)] Net income of the fund includes income of the
 2 earnings reserve account established under AS 37.13.145. **Net** [THE CORPORATION
 3 SHALL DETERMINE THE NET] income of the fund **shall be computed annually**
 4 **as of the last day of the fiscal year** in accordance with generally accepted accounting
 5 principles, **excluding any unrealized gains or losses. Income** [, EXCLUDING
 6 UNREALIZED GAINS OR LOSSES.

7 (b) THE CORPORATION SHALL DETERMINE THE AMOUNT
 8 AVAILABLE FOR DISTRIBUTION UNDER THIS SUBSECTION, COMPUTED
 9 ANNUALLY FOR EACH FISCAL YEAR, FOLLOWING THE CONCLUSION OF
 10 THE FISCAL YEAR. THE AMOUNT] available for distribution [MAY NOT BE
 11 LESS THAN ZERO AND] equals **21** [FOUR AND ONE HALF] percent of the **net**
 12 **income** [AVERAGE MARKET VALUE] of the fund [, INCLUDING THE
 13 EARNINGS RESERVE ACCOUNT ESTABLISHED IN AS 37.13.145,] for the **last**
 14 five fiscal years, **including** [IMMEDIATELY PRECEDING] the fiscal year just
 15 ended, **but may not exceed net income of the fund for the fiscal year just ended**
 16 **plus the balance in the earnings reserve account described in AS 37.13.145**
 17 [REDUCED BY THE PORTION OF PRODUCTION TAXES AND MINERAL
 18 LEASE RENTALS, ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT
 19 SHARES UNDER AS 38.05.180(f) AND (g), FEDERAL MINERAL REVENUE
 20 SHARING PAYMENTS, AND BONUSES RECEIVED BY THE STATE FROM
 21 MINERAL LEASES AND DEPOSITED INTO THE GENERAL FUND IN THE
 22 FISCAL YEAR JUST ENDED THAT EXCEEDS \$1,000,000,000]."

23
 24 Renumber the following bill sections accordingly.

25
 26 Page 3, following line 11:

27 Insert a new bill section to read:

28 "* **Sec. 7.** AS 37.13.145(a), as amended by sec. 6 of this Act, is amended to read:

29 (a) The earnings reserve account is established as a separate account in the
 30 fund. **Income** [EXCEPT FOR INCOME DEPOSITED INTO THE GENERAL FUND
 31 UNDER (e) OF THIS SECTION, INCOME] from the fund shall be deposited by the

1 corporation into the account as soon as it is received. Money in the account shall be
 2 invested in investments authorized under AS 37.13.120."

3
 4 Renumber the following bill sections accordingly.

5
 6 Page 4, following line 2:

7 Insert a new bill section to read:

8 "* **Sec. 9.** AS 37.13.145(c), as amended by sec. 8 of this Act, is amended to read:

9 (c) **after the transfer under (b) of this section, the** [THE] corporation **shall**
 10 [MAY] transfer from the earnings reserve account to the principal of the fund an
 11 amount **sufficient** to offset the effect of inflation on principal of the fund during that
 12 fiscal year. However, none of the amount transferred shall be applied to increase the
 13 value of that portion of the principal attributed to the settlement of State v. Amerada
 14 Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on July 1, 2004.
 15 **The** [ON JULY 1, THE] corporation shall calculate the amount to transfer to the
 16 principal under this subsection by

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

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

21 **(3) applying that rate to the value of the principal of the fund on**
 22 **the last day of the fiscal year just ended, including that portion of the principal**
 23 **attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ.**
 24 **(Superior Court, First Judicial District)** [MULTIPLYING THE AMOUNT
 25 AVAILABLE FOR DISTRIBUTION FOR THE PREVIOUS FISCAL YEAR
 26 UNDER AS 37.13.140(b) BY FOUR AND SUBTRACTING THE PRODUCT OF
 27 THAT CALCULATION FROM THE BALANCE OF THE EARNINGS RESERVE
 28 ACCOUNT ON JUNE 30 OF THE PREVIOUS FISCAL YEAR]."

29
 30 Renumber the following bill sections accordingly.

31

1 Page 4, following line 12:

2 Insert a new bill section to read:

3 **"* Sec. 11.** AS 37.13.145(d), as amended by sec. 10 of this Act, is amended to read:

4 (d) Notwithstanding **(b)** [(e)] of this section, income earned on money
5 awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ.
6 (Superior Court, First Judicial District), including settlement, summary judgment, or
7 adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or
8 interest earned on the money, or on the earnings of the money shall be treated in the
9 same manner as other income of the Alaska permanent fund, except that it is not
10 available for distribution to the dividend fund or for transfers to the **principal**
11 [GENERAL FUND] under **(c)** [(e)] of this section, and shall be annually deposited
12 into the Alaska capital income fund (AS 37.05.565)."
13

14 Renumber the following bill sections accordingly.

15

16 Page 4, following line 31:

17 Insert a new subsection to read:

18 "(h) At the end of each fiscal year, the corporation shall transfer from the
19 earnings reserve account to the dividend fund established under AS 43.23.045, 50
20 percent of the income available for distribution under AS 37.13.140."
21

22 Page 5, following line 4:

23 Insert a new bill section to read:

24 **"* Sec. 14.** AS 37.13.300(c), as amended by sec. 13 of this Act, is amended to read:

25 (c) Net income from the mental health trust fund may not be included in the
26 computation of **net income** [THE AMOUNT] available for distribution under
27 **AS 37.13.140** [AS 37.13.140(b)]."
28

29 Renumber the following bill sections accordingly.

30

31 Page 5, following line 11:

1 Insert a new bill section to read:

2 **"* Sec. 16.** AS 37.14.031(c), as amended by sec. 15 of this Act, is amended to read:

3 (c) The net income of the fund shall be **determined** [COMPUTED
4 ANNUALLY] by the Alaska Permanent Fund Corporation **in the same manner the**
5 **corporation determines the net income of the Alaska Permanent Fund under**
6 **AS 37.13.140** [AS OF THE LAST DAY OF THE FISCAL YEAR IN
7 ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES,
8 EXCLUDING ANY UNREALIZED GAINS OR LOSSES]."

9
10 Renumber the following bill sections accordingly.

11
12 Page 6, following line 6:

13 Insert a new bill section to read:

14 **"* Sec. 18.** AS 43.23.025(a), as amended by sec. 17 of this Act, is amended to read:

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

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

19 (A) the amount **of income of the Alaska Permanent Fund**
20 **transferred** [APPROPRIATED] to the dividend fund under **AS 37.13.145(h)**
21 [AS 37.13.015] during the current year;

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

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

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

1 (E) less appropriations from the dividend fund during the
 2 current year, including amounts to pay costs of administering the dividend
 3 program and the hold harmless provisions of AS 43.23.075;

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

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

10 Renumber the following bill sections accordingly.

11
 12 Page 6, following line 18:

13 Insert a new bill section to read:

14 **"* Sec. 21.** AS 43.23.045(d), as amended by sec. 20 of this Act, is amended to read:

15 (d) Unless specified otherwise in an appropriation act, the unexpended and
 16 unobligated balance of an appropriation to implement this chapter lapses into the
 17 dividend fund on June 30 of the fiscal year for which the appropriation was made and
 18 **shall** [MAY] be used in determining the amount of and paying the subsequent year's
 19 dividend as provided in AS 43.23.025(a)(1)(B)."
 20

21 Renumber the following bill sections accordingly.

22
 23 Page 6, following line 19:

24 Insert a new bill section to read:

25 **"* Sec. 23.** AS 37.13.015, 37.13.145(e), 37.13.145(f), 37.13.145(g); and AS 43.23.025(c)
 26 are repealed July 1, 2018."
 27

28 Renumber the following bill sections accordingly.

29
 30 Page 6, line 22:

31 Delete "sec. 10"

1 Insert "sec. 17"

2

3 Page 6, line 23:

4 Delete "sec. 11"

5 Insert "sec. 19"

6

7 Page 6, lines 23 - 24:

8 Delete "sec. 12"

9 Insert "sec. 20"

10

11 Page 6, line 26:

12 Delete "sec. 10 - 12"

13 Insert "secs. 17, 19, and 20"

14

15 Page 6, following line 30:

16 Insert a new bill section to read:

17 **"* Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 TRANSITION. (a) Notwithstanding AS 43.23.025(a), as amended by sec. 18 of this
20 Act, and AS 43.23.045(d), as amended by sec. 21 of this Act, the commissioner of revenue
21 shall determine the value of the permanent fund dividend distributed in 2018 under
22 AS 37.13.015, AS 43.23.025(a), 43.23.025(c), and 43.23.045(d), as those sections read on the
23 day before the effective date of secs. 18 and 21 of this Act.

24 (b) The commissioner of revenue and the Alaska Permanent Fund Corporation may
25 adopt regulations, policies, and procedures necessary to implement AS 43.23.025(a), as
26 amended by sec. 18 of this Act, and AS 43.23.045(d), as amended by sec. 21 of this Act. The
27 regulations, policies, or procedures may not take effect before the effective date of the law
28 implemented by the regulation, policy, or procedure."

29

30 Page 7, lines 2 - 3:

31 Delete "secs. 1 - 14 of this Act take effect after July 1, 2016, secs. 1 - 14"

1 Insert "secs. 1, 3, 4, 6, 8, 10, 12(e) - (g), 13, 15, 17, 19, 20, and 24 take effect after
2 July 1, 2016, secs. 8, 10 12(e) - (g), 13, 15, 17, 19, 20, and 24"

3

4 Page 7, following line 3:

5 Insert a new bill section to read:

6 "* **Sec. 27.** Sections 2, 5, 7, 9, 11, 12(h), 14, 16, 18, 21, and 23 of this Act take effect July 1,
7 2018."

8

9 Renumber the following bill sections accordingly.

10

11 Page 7, line 4:

12 Delete "Sections 14 and 15"

13 Insert "Sections 24 and 26"

14

15 Page 7, line 5:

16 Delete "sec. 16"

17 Insert "secs. 27 and 28"