

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE



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Sectional Analysis

SENATE BILL NO. 199

Version 32-LS1529\A

Section 1 Legislative Intent

Establishes the following legislative intent to:

- (1) Implement the recommendations of the 2021 Comprehensive Fiscal Plan Working Group; and
- (2) Allow for adequate time to debate, analyze, and implement the revenue measures and cost reductions required for the long-term financial stability of the state.

Section 2 AS 37.13.140

- Amends AS 37.13.140(a) to delete language that describes a formula to determine the amount of income of the fund that is available for distribution.
- Provides that the amount available for appropriation from the earnings reserve account is 5% of the average market value of the fund for the first five of the preceding six fiscal years including the fiscal year just ended.
- Amends AS 37.13.140(b) to clarify that the amount available for appropriation from the earnings reserve account may not exceed the balance in the earnings reserve account.

Section 3 AS 37.13.145(b)

Amends to provide that the amount appropriated each year from the earnings reserve account to the dividend fund (AS 43.23.045) is as follows:

- (1) \$1,100 in fiscal year 2023
- (2) \$1,200 in fiscal year 2024
- (3) \$1,300 in fiscal year 2025
- (4) \$1,300 adjusted for inflation each fiscal year after fiscal year 2025 by
 - (A) computing the Consumer Price Index for the two previous calendar years
 - (B) computing the percentage change between the first and second calendar year averages; and
 - (C) applying that rate to the value of the dividend paid for the fiscal year just ended.

(Section 9 provides a cap of 50 percent of the percent of market value)

- Section 4** **AS 37.13.145(b) *Conditional Effect (Section 14)***
Amends to provide that of the amount appropriated each year from the earnings reserve account under AS 37.13.140(b) is:
(1) 50 percent to the dividend fund; and
(2) 50 percent to the general fund.
- Section 5** **AS 37.13.145(c)**
Amends to authorize an appropriation, after the appropriation to the dividend fund and the general fund, to the principal of the permanent fund for inflation proofing.
- Section 6** **AS 37.13.145(c) *Conditional Effect (Section 14)***
Amends by removing the reference to AS 37.13.145(e) to conform to changes in section 13.
- Section 7** **AS 37.13.145(d)**
Amends to clarify that the permanent fund income earned as a result of the *State v. Amerada Hess* case is not available for appropriation to the dividend fund or for inflation proofing, and that it shall be deposited into the capital income fund.
- Section 8** **AS 37.13.145(d) *Conditional Effect (Section 14)***
Amends by removing the reference to AS 37.13.145(e) to conform to changes in section 13.
- Section 9** **AS 37.13.145(f)**
 - Amends AS 37.13.145(f) to limit the appropriation from the earnings reserve account to the dividend fund (AS 37.13.145(b)) so that it may not exceed 50 percent of the amount available for appropriation under AS 37.13.140(b)
 - Limits the combined total for appropriation from the earnings reserve account to the dividend fund (AS 37.13.145(b)) and the appropriation from the earnings reserve to the general fund (AS 37.13.145(e)) to the amount available for appropriation under AS 37.13.140(b).
- Section 10** **AS 37.13.300(c)**
Amends to clarify that the net income of the mental health trust fund is not included in the computation of the amount available for appropriation from the permanent fund earnings reserve account under AS 37.13.140(b).
- Section 11** **AS 43.23.025(a)**
Amends to state that the legislature places money in the dividend fund by appropriation.
- Section 12** **AS 37.13.145(e) and (f) *Conditional Effect (Section 14)***
Repeals AS 37.13.145(e) and (f) which relate to total appropriations from the earnings reserve.

Section 13 Conditional Effect

Provides a conditional effect for sections 4, 6, 8, and 13 of this act to take effect only if, by December 15, 2024, the commissioner of revenue and the director of the legislative finance division jointly agree, and notify the revisor of statutes before December 15, 2024, that revenue measures anticipated to generate at least \$700 million of new annually recurring general fund revenues, when compared to annual revenue generated from the statutes as they read on June 30, 2022 have been passed by the legislature and enacted into law.

In this section “general fund revenue” does not include revenue from the permanent fund.

Section 14 Conditional Effective Date

Provides a July 1, 2025 effective date for sections 4, 6, 8, and 13, if the requirements outlined in section 14 have been met.

Section 15 Effective Date

Except for section 15, provides an immediate effective date under AS 01.10.070(c),