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Wallace/Martin
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CS FOR SENATE BILL NO. 128(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

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

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

6 * **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
7 to read:

8 LEGISLATIVE INTENT. It is the intent of the legislature that the legislature
9 reevaluate the use of earnings of the Alaska permanent fund, as prescribed under this Act, in
10 three years.

11 * **Sec. 2.** AS 37.05.565(a) is amended to read:

12 (a) There is established in the general fund the Alaska capital income fund
13 consisting of [MONEY DEPOSITED TO THE FUND UNDER AS 37.13.145(d)
14 AND OF] appropriations to the fund. The fund shall be invested by the Department of

Revenue to yield competitive market rates as provided in AS 37.10.071. Income earned on money in the fund may be appropriated to the fund.

* **Sec. 3.** AS 37.13.010(a) is amended to read:

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

(1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases [ISSUED ON OR BEFORE DECEMBER 1, 1979,] and 25 percent of all bonuses received by the state from mineral leases [ISSUED ON OR BEFORE FEBRUARY 15, 1980;

(2) 50 PERCENT OF ALL MINERAL LEASE RENTALS, ROYALTIES, ROYALTY SALE PROCEEDS, NET PROFIT SHARES UNDER AS 38.05.180(f) AND (g), AND FEDERAL MINERAL REVENUE SHARING PAYMENTS RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED AFTER DECEMBER 1, 1979, AND 50 PERCENT OF ALL BONUSES RECEIVED BY THE STATE FROM MINERAL LEASES ISSUED AFTER FEBRUARY 15, 1980]; and

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

* **Sec. 4.** AS 37.13.140 is amended to read:

Sec. 37.13.140. Income. (a) Net income of the fund includes income of the earnings reserve account established under AS 37.13.145. The corporation shall determine the net [NET] income of the fund [SHALL BE COMPUTED ANNUALLY AS OF THE LAST DAY OF THE FISCAL YEAR] in accordance with generally accepted accounting principles as the income is realized and received.

(b) The corporation shall determine the amount available for distribution on July 1 of each year. The amount [, EXCLUDING ANY UNREALIZED GAINS OR LOSSES. INCOME] available for distribution equals five and one-quarter [21] percent of the average market value [NET INCOME] of the fund, including the balance of the earnings reserve account established under AS 37.13.145, for the first five of the preceding six [LAST FIVE] fiscal years, including the fiscal year just

ended, computed annually for each fiscal year in accordance with generally accepted accounting principles but may not exceed the year-end balance of the earnings reserve account [NET INCOME OF THE FUND] for the fiscal year just ended [PLUS THE BALANCE IN THE EARNINGS RESERVE ACCOUNT DESCRIBED IN AS 37.13.145].

* **Sec. 5.** AS 37.13.145 is amended by adding a new subsection to read:

(e) Each year the legislature may appropriate to the general fund the amount available for distribution under AS 37.13.140(b) from the earnings reserve account.

* **Sec. 6.** AS 37.13 is amended by adding a new section to read:

Sec. 37.13.146. Appropriations to the dividend fund. (a) The legislature may appropriate to the dividend fund established in AS 43.23.045 the following amounts from the general fund:

(1) 20 percent of the amount calculated under AS 37.13.140(b); and

(2) an amount equal to 20 percent of the money deposited in the general fund during the fiscal year just ended from all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180(f) and (g), federal mineral revenue sharing payments, and bonuses received by the state from mineral leases.

(b) Nothing in this section creates a dedicated fund.

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

(c) Net income from the mental health trust fund may not be included in the computation of [NET] income available for distribution under AS 37.13.140(b) [AS 37.13.140].

* **Sec. 8.** AS 37.14.031(c) is amended to read:

(c) The net income of the fund shall be computed annually [DETERMINED] by the Alaska Permanent Fund Corporation as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses [IN THE SAME MANNER THE CORPORATION DETERMINES THE NET INCOME OF THE ALASKA PERMANENT FUND UNDER AS 37.13.140].

* **Sec. 9.** AS 43.23.025(a) is amended to read:

(a) By October 1 of each year, the commissioner shall determine the value of

each permanent fund dividend for that year by

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

(A) the amount appropriated [OF INCOME OF THE ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund under AS 37.13.146 [AS 37.13.145(b)] during the current year;

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

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

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

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

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

(3) dividing the amount determined under (1) of this subsection by the amount determined under (2) of this subsection.

* **Sec. 10.** AS 43.23.025 is amended by adding a new subsection to read:

(c) Notwithstanding (a) of this section, the amount of each permanent fund dividend for fiscal years 2017, 2018, and 2019 shall be \$1,000.

* **Sec. 11.** AS 43.23.045(a) is amended to read:

(a) The dividend fund is established as a separate fund in the state treasury.

The fund consists of money appropriated to it under AS 37.13.146. The dividend fund shall be administered by the commissioner and shall be invested by the

commissioner in the same manner as provided in AS 37.10.070.

* **Sec. 12.** AS 43.23.055 is amended to read:

Sec. 43.23.055. Duties of the department. The department shall

(1) annually pay permanent fund dividends from the dividend fund, without further appropriation;

(2) subject to AS 43.23.011 and paragraph (8) of this section, adopt regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and time limits for claiming a permanent fund dividend; the department shall determine the number of eligible applicants by October 1 of the year for which the dividend is declared and pay the dividends by December 31 of that year;

(3) adopt regulations under AS 44.62 (Administrative Procedure Act) that establish procedures and time limits for an individual upon emancipation or upon reaching majority to apply for permanent fund dividends not received during minority because the parent, guardian, or other authorized representative did not apply on behalf of the individual;

(4) assist residents of the state, particularly in rural areas, who because of language, disability, or inaccessibility to public transportation need assistance to establish eligibility and to apply for permanent fund dividends;

(5) use a list of individuals ineligible for a dividend under AS 43.23.005(d) provided annually by the Department of Corrections and the Department of Public Safety to determine the number and identity of those individuals;

(6) adopt regulations that are necessary to implement AS 43.23.005(d);

(7) adopt regulations that establish procedures for the parent, guardian, or other authorized representative of a disabled individual to apply for prior year permanent fund dividends not received by the disabled individual because no application was submitted on behalf of the individual;

(8) adopt regulations that establish procedures for an individual to apply to have a dividend disbursement under AS 37.25.050(a)(2) reissued if it is not collected within two years after the date of its issuance; however, the department may not establish a time limit within which an application to have a disbursement reissued

1 must be filed;

2 (9) provide any information, upon request, contained in permanent
3 fund dividend records to the child support services agency created in AS 25.27.010, or
4 the child support enforcement agency of another state, for child support purposes
5 authorized under law; if the information is contained in an electronic data base, the
6 department shall provide the requesting agency with either

7 (A) access to the data base; or

8 (B) a copy of the information in the data base and a statement
9 certifying its contents;

10 (10) establish a fraud investigation unit for the purpose of assisting the

11 (A) Department of Law in the prosecution of individuals who
12 apply for or obtain a permanent fund dividend in violation of a provision in
13 AS 11, by detecting and investigating those crimes; and

14 (B) commissioner to detect and investigate the claiming or
15 paying of permanent fund dividends that should not have been claimed by or
16 paid to an individual and to impose the penalties and enforcement provisions
17 under AS 43.23.035.

18 * **Sec. 13.** AS 37.13.145(b), 37.13.145(c), 37.13.145(d); and sec. 28, ch. 134, SLA 1992, are
19 repealed.

20 * **Sec. 14.** AS 43.23.025(c) is repealed June 30, 2020.

21 * **Sec. 15.** The uncoded law of the State of Alaska is amended by adding a new section to
22 read:

23 TRANSITION. The commissioner of revenue and the Alaska Permanent Fund
24 Corporation may adopt regulations, policies, and procedures necessary to implement this Act.
25 The regulations, policies, or procedures may not take effect before the effective date of the
26 law implemented by the regulation, policy, or procedure.

27 * **Sec. 16.** The uncoded law of the State of Alaska is amended by adding a new section to
28 read:

29 RETROACTIVITY. If secs. 2 - 9 and 11 - 15 of this Act take effect after July 1, 2016,
30 secs. 2 - 9 and 11 - 15 of this Act are retroactive to July 1, 2016.

31 * **Sec. 17.** Sections 15 and 16 of this Act take effect immediately under AS 01.10.070(c).

1 * **Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect July 1, 2016.