

ALASKA STATE LEGISLATURE

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Sectional Analysis CS for House Bill No. 245 (FIN) 29-GH2859|E

“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.”

Sec. 1. Provides for a three year reevaluation of the use of the earnings of the Alaska permanent fund.

Sec. 2. Amerada Hess income no longer flows to the Capital Income Fund. Segregation of Amerada Hess is no longer legally required; associated language is repealed in sec 13.

Sec. 3. Dedicated deposits of royalties to the Permanent Fund are reduced from the current 25/50 split in old/new leases to the constitutional minimum 25%

Sec. 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.

Sec. 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 PF and ERA.
- b. (Repealed) dividends based on statutory net income.
- c. (Repealed) inflation proofing.
- d. (Repealed) segregation of Amerada Hess.
- e. (New) The legislature may annually appropriate the POMV payout from the ERA to the general fund.

Sec. 6. Dividends are comprised of 20% of the 5.25% PMOV outlined in Sec. 4(b), and 20% of the prior year's royalties, excludes those dedicated to the Permanent Fund or School Fund (25.5% are dedicated)

Sec. 7. Mental Health Trust Fund may not be included in the computation of the available income available for distribution under the PMOV.

Sec. 8. Makes computation of the Mental Health Trust Fund income consistent with computation of other Permanent Fund Income.

Sec. 9. Transfer of money to the Dividend Fund requires an appropriation

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

Sec. 11. Conforms to Sec. 9, which moves money to the Dividend Fund by appropriation

Sec. 12. Once the money is in the Dividend Fund, the Department of Revenue shall annually pay dividends without further appropriation

Sec. 13. Repeals language relating to the former dividend calculation, inflation proofing calculation, and Amerada Hess language

Sec. 14. Repeals Sec. 10 - \$1,000 dividend in three years

Sec. 15. The Commissioner of Revenue and the Alaska Permanent Fund Corporation may adopt regulations, policies and procedures to implement this Act.

Sec. 16. Retroactivity clause.

Sec. 17. Immediate effective date for sections 15 and 16

Sec. 18. Effective date of July 1, 2016