

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

*Session:*  
State Capitol, Room 121  
Juneau, AK 99801  
Phone: (907) 465-2995  
Fax: (907) 465-6592



*Interim:*  
716 W 4<sup>th</sup> Avenue, Room 515  
Anchorage, AK 99501  
Phone: (907) 269-0250  
Fax: (907) 269-0249

**Senator Lesil McGuire**

## **Senate Bill 114**

### **Summary of Changes SSSB 114 version F to CS to SSSB(STA) version U**

#### **Title Change**

Page 1, Line 3-4

Insert: “; relating to the duties of the commissioner of revenue;”

- This was done to conform to Section 7.

#### **Section 3**

AS 37.13.140

Page 2, Line 21

Delete: “...as income is realized and received.”

Insert: “...excluding unrealized gains or losses.”

- This language conforms to other statutes regarding the Alaska Permanent Fund Corporation, and was done at their suggestion.

Page 2, Line 23-24

Delete: “...on July 1 of each year.”

Insert: “...under this subsection, computed annually for each fiscal year, following the conclusion of the fiscal year.”

- This change allows for the time consuming calculations by the APFC, and the close-out of the fiscal year accounting books.

Page 2, Lines 25-26

Insert “...may not be less than zero”

Page 2, Line 26

Delete: “five”

Insert “four and one half”

- This changes the Percent of Market Value draw from 5% to 4.5%

Page 2, Line 27

Delete “balance of the”

Page 2, Line 37

Delete “under”

Insert “in”

Page 2, Line 28 thru Page 3, Line 2

Delete “preceding five fiscal years including the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles.”

Insert “for the last five fiscal years immediately preceding the fiscal year just ended, reduced by the portion of production taxes and 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 and deposited into the general fund in the fiscal year just ended that exceeds \$1,000,000,000.”

- This change does two things:
  - 1) It provides a lag year for calculating the amount available for distribution.
  - 2) It sets a revenue limit on the amount of the POMV draw relative to other oil production and royalty revenue. If oil revenue exceeds \$1 Billion, the amount of the POMV draw from the ERA is reduced proportionality.

## **Section 5**

AS 31.17.145(c)

Page 3, Lines 13-23

A new section amending AS 37.13.145(c)

This section states that the APFC may transfer from the earnings reserve account to the principle of the fund an amount sufficient offset inflation. However, it will not be used to increase the value of the portion of the principle attributed to the settlement of State v. Amerada Hess.

This section states that on July 1, the corporation shall make the following calculation to determine the amount available to offset inflation:

The amount available for distribution under AS 37.13.140(b) multiplied by 4 and subtracted from the balance of the earnings reserve. AS 37.13.140(b) is the maximum POMV draw (4.5%). If the earnings reserve account balance is more than four times the maximum POMV draw, then the difference can be used to offset inflation in the principle.

## **Section 6**

Renumbered from section 5.

## **Section 7**

Renumbered from Section 6.

Page 4, Line 13

Delete “a new subsection”

Insert “new subsections”

Page 4, Lines 14-22

AS 37.13.145 (e)

Delete “income”

Insert “subject to legislative appropriation, the corporation shall deposit funds”

Delete “fund; including the”

Delete “established under AS 34.13.145, shall be deposited by the corporation”

Delete “within 30 days after it is received”

Delete “determined by the corporation”

Insert “for that fiscal year”

Delete “for that”

Insert “on the last day of a”

Delete “.if”

Insert “, if”

Delete “a”

Insert “that”

Delete “fiscal year, on the last day of the”

The first change clarifies that the POMV withdraw is done by legislative appropriation from the earnings reserve account.

The rest the changes give the APFC flexibility to work with the Department of Revenue for the timing of transfers from the earnings reserve account to the general fund.

Page 4, Line 23- 31

AS 37.13.145 (f) and (g)

New subsections allowing the commissioner of the department of revenue to consult with the AFPC Board and make recommendations to adjust the percentages of funds appropriated to the dividend. Also, it directs the commissioner to submit an annual report to the legislature evaluating the sufficiency of the assets in the earnings reserve account and the amount projected for distribution.

**Section 8**

AS 37.13.300(c)

Renumbered from section 7

Page 5, Line 11

Delete “income”

Insert “the amount”

**Section 9**

Renumbered from Section 8

**Section 10**

Renumbered from Section 9

**Section 11**

Renumbered from Section 10

**Section 12**

Renumbered from Section 11

**Section 13**

Renumbered from Section 12

Delete “and 37.13.145(c)”

AS 37.13.145(c) is no longer repealed. This is the section that deals with inflation proofing.

**Section 14**

Renumbered from Section 13.

Conforming changes

**Section 15**

Renumbered from Section 14

Conforming changes.