

CS FOR SENATE BILL NO. 103(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to deposits into the dividend fund and income of and appropriations**
2 **from the earnings reserve account; and providing for an effective date."**

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

4 *** Section 1.** AS 37.13.140 is amended to read:

5 **Sec. 37.13.140. Income.** (a) [NET INCOME OF THE FUND INCLUDES
6 INCOME OF THE EARNINGS RESERVE ACCOUNT ESTABLISHED UNDER
7 AS 37.13.145.] Net income of the fund shall be computed annually as of the last day
8 of the fiscal year in accordance with generally accepted accounting principles,
9 excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
10 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND
11 FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST
12 ENDED, BUT MAY NOT EXCEED NET INCOME OF THE FUND FOR THE
13 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS
14 RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

1 (b) The corporation shall determine the amount available for appropriation
2 each year. The amount available for appropriation is 5.25 percent of the average
3 market value of the fund for the first five of the preceding six fiscal years, including
4 the fiscal year just ended, computed annually for each fiscal year in accordance with
5 generally accepted accounting principles. In this subsection, "average market value of
6 the fund" includes the balance of the earnings reserve account established under
7 AS 37.13.145, but does not include that portion of the principal attributed to the
8 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
9 Judicial District). **The amount available for appropriation may not exceed the**
10 **balance in the earnings reserve account described in AS 37.13.145.**

11 * **Sec. 2.** AS 37.13.140(b), as amended by sec. 2, ch. 16, SLA 2018, is amended to read:

12 (b) The corporation shall determine the amount available for appropriation
13 each year. The amount available for appropriation is five percent of the average
14 market value of the fund for the first five of the preceding six fiscal years, including
15 the fiscal year just ended, computed annually for each fiscal year in accordance with
16 generally accepted accounting principles. In this subsection, "average market value of
17 the fund" includes the balance of the earnings reserve account established under
18 AS 37.13.145, but does not include that portion of the principal attributed to the
19 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
20 Judicial District). **The amount available for appropriation may not exceed the**
21 **balance in the earnings reserve account described in AS 37.13.145.**

22 * **Sec. 3.** AS 37.13.145(b) is amended to read:

23 (b) **Each** [AT THE END OF EACH] fiscal year, the **legislature may**
24 **appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve
25 account to the

26 **(1)** dividend fund established under AS 43.23.045, 50 percent of the
27 **amount** [INCOME] available for **appropriation** [DISTRIBUTION] under
28 **AS 37.13.140(b); and**

29 **(2)** **general fund, 50 percent of the amount available for**
30 **appropriation under AS 37.13.140(b)** [AS 37.13.140].

31 * **Sec. 4.** AS 37.13.145(c) is amended to read:

1 (c) After the **appropriations** [TRANSFER] under (b) and [AN
2 APPROPRIATION UNDER] (e) of this section, the **legislature may appropriate**
3 [CORPORATION SHALL TRANSFER] from the earnings reserve account to the
4 principal of the fund an amount sufficient to offset the effect of inflation on the
5 principal of the fund during that fiscal year. However, none of the amount transferred
6 shall be applied to increase the value of that portion of the principal attributed to the
7 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
8 Judicial District) on July 1, 2004. The corporation shall calculate the amount to
9 transfer to the principal under this subsection by

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

12 (2) computing the percentage change between the first and second
13 calendar year average; and

14 (3) applying that rate to the value of the principal of the fund on the
15 last day of the fiscal year just ended, including that portion of the principal attributed
16 to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court,
17 First Judicial District).

18 * **Sec. 5.** AS 37.13.145(d) is amended to read:

19 (d) Notwithstanding (b) of this section, income earned on money awarded in
20 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
21 Court, First Judicial District), including settlement, summary judgment, or adjustment
22 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
23 on the money, or on the earnings of the money shall be treated in the same manner as
24 other income of the Alaska permanent fund, except that it is not available for
25 **appropriations** [DISTRIBUTION] to the dividend fund **under AS 37.13.140(b) or** [,
26 FOR TRANSFERS] to the principal under (c) of this section [,] or for an appropriation
27 under (e) of this section, and shall be annually deposited into the Alaska capital
28 income fund (AS 37.05.565).

29 * **Sec. 6.** AS 37.13.300(c) is amended to read:

30 (c) Net income from the mental health trust fund may not be included in the
31 computation of **the amount** [NET INCOME OR MARKET VALUE] available for

1 [DISTRIBUTION OR] appropriation under AS 37.13.140(b) [AS 37.13.140].

2 * **Sec. 7.** AS 37.14.031(c) is amended to read:

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

9 * **Sec. 8.** AS 43.23.025(a) is amended to read:

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

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

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

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

20 (C) less the amount necessary to pay prior year dividends from
21 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
22 43.23.055(3) and (7);

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

27 (E) less appropriations from the dividend fund during the
28 current year, including amounts to pay costs of administering the dividend
29 program and the hold harmless provisions of AS 43.23.240;

30 (2) determining the number of individuals eligible to receive a
31 dividend payment for the current year and the number of estates and successors

1 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and
2 (3) dividing the amount determined under (1) of this subsection by the
3 amount determined under (2) of this subsection.

4 * **Sec. 9.** AS 37.13.145(e) and 37.13.145(f) are repealed.

5 * **Sec. 10.** Section 2 of this Act takes effect on the effective date of sec. 2, ch. 16, SLA
6 2018.