March 5, 2020

House Rules Committee
31st Alaska State Legislature
State Capitol, Juneau, AK

House Bill 306
Sectional Analysis

Section 1. AS 37.13.140(a)

This section repeals the current calculation for the Permanent Fund Dividend.

Section 2. AS 37.13.145(b)

This section delineates that 20% of the state's draw from the Earnings Reserve Account will be used to pay for dividends. The remaining 80% will go to the general fund making it available for appropriation.

Section 3. AS 37.13.145(c)

This section reflects a conforming language change in our "inflation proofing" statute necessitated by changes made in Section Five of this bill.

Section 4. AS 37.13.145(d)

This section clarifies that income associated with the Amerada Hess settlement will not be included in the state's draw from the Earnings Reserve Account, and makes conforming changes related to Section Five of this bill.

Section 5. AS 37.13.145(e)

This section resolves a redundancy in current statute. Currently, AS 37.13.145(e) and (f) both establish a spending cap on the Earnings Reserve Account, not to exceed the amount of the Percent of Market Value calculated state draw. This section now includes the best language from both (e) and (f) and reinforces the importance of the spending cap on the Earnings Reserve Account.

This section also provides an exception to this spending cap if funds from the Earnings Reserve Account are being appropriated to the principal of the Fund.

Section 6. AS 37.13.145(f)

This section repeals language now duplicated in Section Five of this bill.

Section 7. Uncodified Law

This section creates the Permanent Fund Dividend Task Force. This Task Force will be composed of three members of the House, three members of the Senate, and one person appointed by the Governor. The goal of the Task Force is to review the performance of the changes made in HB 306 as they pertain to the Permanent Fund and dividend program. The Task Force will have eight months to create their report and will sunset after eleven months.

Section 8. Effective Date

This sets an effective date of July 1, 2020.

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For reference: AS 37.13.145 (f) reads: "The combined total of the transfer under (b) of this section and an appropriation under (e) of this section may not exceed the amount available for appropriation under AS 37.13.140(b)." This section is proposed to be repealed in HB XX.