

SENATE BILL NO. 53

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/25/21

Referred: State Affairs, Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to use of income of the Alaska permanent fund; relating to the amount**
2 **of the permanent fund dividend; relating to the duties of the commissioner of revenue;**
3 **relating to an advisory vote on the permanent fund; providing for an effective date by**
4 **repealing the effective date of sec. 8, ch. 16, SLA 2018; and providing for an effective**
5 **date."**

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

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

8 **Sec. 37.13.140. Income.** (a) [NET INCOME OF THE FUND INCLUDES
9 INCOME OF THE EARNINGS RESERVE ACCOUNT ESTABLISHED UNDER
10 AS 37.13.145.] Net income of the fund shall be computed annually as of the last day
11 of the fiscal year in accordance with generally accepted accounting principles,
12 excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
13 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND

FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED 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.]

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

* Sec. 2. AS 37.13.145(b) is amended to read:

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

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

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

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

(c) After the appropriations [TRANSFER] under (b) [AND AN APPROPRIATION UNDER (e)] of this section, the legislature may appropriate [CORPORATION SHALL TRANSFER] from the earnings reserve account to the principal of the fund an amount sufficient to offset the effect of inflation on the principal of the fund during that fiscal year. However, none of the amount transferred shall be applied to increase the value of that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First

Judicial District) on July 1, 2004. The corporation shall calculate the amount to transfer to the principal under this subsection by

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

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

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

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

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

* **Sec. 5.** 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 the amount [NET INCOME OR MARKET VALUE] available for [DISTRIBUTION OR] appropriation under AS 37.13.140(b) [AS 37.13.140].

* **Sec. 6.** AS 37.14.031(c) is amended to read:

(c) The net income of the fund shall be determined by the Alaska Permanent Fund Corporation and shall be computed annually 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

1 UNDER AS 37.13.140].

2 * **Sec. 7.** AS 43.23.025(a) is amended to read:

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

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

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

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

13 (C) less the amount necessary to pay prior year dividends from
14 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
15 43.23.055(3) and (7);

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

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

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

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

28 * **Sec. 8.** AS 37.13.145(e) and 37.13.145(f) are repealed.

29 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 **ADVISORY VOTE.** The lieutenant governor shall place before the qualified voters of

the state at a special statewide election to be held on a date not less than 90 days nor more than 120 days after adjournment of the First Regular Session of the Thirty-Second Alaska State Legislature, a question advisory to the legislature regarding the permanent fund. The question shall appear on the ballot in the following form:

Q U E S T I O N

The legislature has passed a law providing that each year the legislature may appropriate five percent of the market value of the permanent fund, and that 50 percent of that amount of money may be used to provide dividends to state residents and 50 percent of that amount of money may be used to provide government services. Should this continue to be the state's law regarding spending from the permanent fund?

Yes [] No []

* **Sec. 10.** Section 2, ch. 16, SLA 2018, is repealed.

* **Sec. 11.** Section 8, ch. 16, SLA 2018, is repealed.

* **Sec. 12.** Section 9 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect July 1, 2021.