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Nauman  
10/27/21

**CS FOR HOUSE BILL NO. 4003(W&M)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Offered:  
Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

**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 funding for state aid for school districts, the state boarding school,  
4 centralized correspondence study, and transportation of pupils; and providing for an  
5 effective date."

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

7 \* **Section 1.** AS 14.17.300 is amended by adding a new subsection to read:

8 (c) The amount of state aid for distribution to school districts, to the state  
9 boarding school, for centralized correspondence study, and for transportation of pupils  
10 under (a) of this section may be appropriated by the legislature from the general fund  
11 under AS 37.13.145(g). If the amount appropriated under AS 37.13.145(g) is  
12 insufficient to fund the state aid as calculated under this chapter and AS 14.09.010, the  
13 legislature may appropriate the outstanding amount from the general fund.

\* **Sec. 2.** AS 37.13.140 is amended to read:

**Sec. 37.13.140. Income.** (a) Net income of the fund includes income of the earnings reserve account established under AS 37.13.145. Net income of the fund 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. [INCOME AVAILABLE FOR 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 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. The amount available for appropriation may not exceed the balance in the earnings reserve account described in AS 37.13.145. 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).

\* **Sec. 3.** 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, 25 [50] percent of the amount [INCOME] available for appropriation [DISTRIBUTION] under AS 37.13.140(b); and

(2) general fund, 75 percent of the amount available for appropriation under AS 37.13.140(b); the legislature may further appropriate the amount appropriated under this paragraph in accordance with (g) of this section [AS 37.13.140].

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

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

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

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

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

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

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

\* **Sec. 6.** AS 37.13.145 is amended by adding a new subsection to read:

(g) The legislature may appropriate at least 50 percent of the amount appropriated under (b)(2) of this section to the public education fund established under AS 14.17.300 for state aid for distribution to school districts, to the state boarding school, for centralized correspondence study, and for transportation of pupils as calculated under AS 14.09.010 and AS 14.17. If the amount appropriated under this subsection exceeds the amounts calculated for state aid under AS 14.09.010 and AS 14.17, the legislature may appropriate the remaining amount to school districts in proportion to the funding under the formulas set out in AS 14.17.

\* **Sec. 7.** 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 net income of the fund, the [OR] market value of the fund, or the amount available for [DISTRIBUTION OR] appropriation under AS 37.13.140(b) [AS 37.13.140].

\* **Sec. 8.** 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 UNDER AS 37.13.140].

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

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

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

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

(B) plus the unexpended and unobligated balances of prior fiscal year appropriations that lapse into the dividend fund under

AS 43.23.045(d);

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

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

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

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

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

\* **Sec. 10.** AS 37.13.145(e) and 37.13.145(f) are repealed.

\* **Sec. 11.** This Act takes effect July 1, 2022.