



Representative Ivy Spohnholz

Chair, House Ways and Means Committee

Co-Chair, House Labor and Commerce Committee

Serving House District 16: College Gate, Russian Jack, Nunaka Valley, & Reflection Lake

Sectional Analysis

House Bill 259 v. A

" An Act relating to use of income of the Alaska permanent fund; relating to the amount of the permanent fund dividend; relating to the duties of the commissioner of revenue; relating to funding for state aid for school districts, the state boarding school, centralized correspondence study, and transportation of pupils; and providing for an effective date."

Section 1: Amends AS 14.17, if the amount appropriated under section six of the bill is not sufficient to satisfy foundation formula funding for K-12 education, the remaining need may be met via appropriation by the general fund.

Section 2: Amends AS 37.13.140, to ensure the amount available for appropriation may not exceed the balance of the earnings reserve account.

Repeals the old formula for calculating permanent fund dividends.

Section 3: Creates a statutory split of the annual point of market value (POMV) draw as follows: 25% to the dividend fund for distribution for PFDs and 75% to the general fund.

Of the 75% distributed to the general fund, no less than 50% may go to the public education fund for state aid to school districts to satisfy the foundation formula.

Section 4: Amends AS 37.13.145(c), clarifying that an appropriation is required to move funds from the earnings reserve account to the principal of the permanent fund for purposes of inflation proofing.

Section 5: Amends AS 37.13.145(d), relating to the *Amerada Hess* settlement funds, which are not included in the calculation of the POMV, to clarify that the POMV draw is appropriated, not transferred.

Section 6: Adds a new subsection providing that at least half of the portion of the POMV draw distributed to the general fund (75%), may go to the public education fund for state aid to school districts to satisfy the foundation formula.

In the case that this portion of the POMV for education exceeds the minimum amount required by the formula, the excess may be distributed directly to school districts according to the same formula.

Section 7: Amends AS 37.13.300(c), relating to income from the mental health trust fund. This

section is a conforming change referencing the calculation for the POMV under AS 37.13.140(b).

Section 8: Amends AS 37.14.031(c) relating to the requirement that the Alaska Permanent Fund Corporation calculate the net income of the mental health trust fund annually on the last day of the fiscal year, excluding any unrealized gains or losses. This is a technical change removing the a reference to language that already exists under this section.

Section 9: Amends AS 43.23.025(a), clarifying that funds must be appropriated to the dividend fund, rather than transferred as current statute provides.

Section 10: Repeals AS 37.13.145(e) and (f). These sections prohibited appropriations from the earnings reserve account to the general fund that exceed funds available for appropriation. This language was moved to AS 37.13.140 under sections two and three of the bill by the legal drafter.

Section 11: Effective date of July 1, 2023.