

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE



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Sectional Analysis

SENATE BILL NO. 199

Version 32-LS1529\I

Section 1 Legislative Intent

Establishes the following legislative intent to:

- (1) Implement the recommendations of the 2021 Comprehensive Fiscal Plan Working Group; and
- (2) Allow for adequate time to debate, analyze, and implement the revenue measures and cost reductions required for the long-term financial stability of the state.

Section 2 AS 37.13.140

- Amends AS 37.13.140(a) to delete language that describes a formula to determine the amount of income of the fund that is available for distribution.
- Amends AS 37.13.140(b) to clarify that the amount available for appropriation from the earnings reserve account may not exceed the balance in the earnings reserve account.

Section 3 AS 37.13.145(b)

Amends to provide that of the amount appropriated each year from the earnings reserve account under AS 37.13.140(b) is:

- (1) 50 percent to the dividend fund; and
- (2) 50 percent to the general fund.

Section 4 AS 37.13.145(b) *Effective July 1, 2023 (Section 10)*

Amends to provide that of the amount appropriated each year from the earnings reserve account under AS 37.13.140(b) is:

- (3) 25 percent to the dividend fund; and
- (4) 75 percent to the general fund.

Section 5 AS 37.13.145(b) *Conditional Effect (Section 11)*

Amends to provide that of the amount appropriated each year from the earnings reserve account under AS 37.13.140(b) is:

- (5) 50 percent to the dividend fund; and
- (6) 50 percent to the general fund.

- Section 6** **AS 37.13.145(c)**
Amends to authorize an appropriation, after the appropriation to the dividend fund and the general fund, to the principal of the permanent fund for inflation proofing.
- Section 7** **AS 37.13.145(d)**
Amends to clarify that the permanent fund income earned as a result of the *State v. Amerada Hess* case may not be included in the percent of market value calculation or for inflation proofing, and that it shall be deposited into the capital income fund.
- Section 8** **AS 37.13.300(c)**
Amends to clarify that the net income of the mental health trust fund is not included in the computation of the amount available for appropriation from the permanent fund earnings reserve account under AS 37.13.140(b).
- Section 9** **AS 43.23.025(a)**
Amends to state that the legislature places money in the dividend fund by appropriation.
- Section 10** **AS 37.13.145(e) and (f)**
Repeals AS 37.13.145(e) and (f) which relate to total appropriations from the earnings reserve.
- Section 11** **Conditional Effect**
Provides a conditional effect for section 5 of this act to take effect only if, by December 15, 2026, the commissioner of revenue and the director of the legislative finance division jointly agree, and notify the revisor of statutes before December 15, 2026, that revenue measures anticipated to generate at least \$800 million of new annually recurring general fund revenues, when compared to annual revenue generated from the statutes as they read on June 30, 2022 have been passed by the legislature and enacted into law.

In this section “general fund revenue” does not include revenue from the permanent fund.
- Section 12** **Effective Date**
Provides an effective date for Section 4 of July 1, 2023
- Section 13** **Conditional Effective Date**
Provides a July 1, 2027 effective date for section 5, if the requirements outlined in section 11 have been met.
- Section 15** **Effective Date**
Except for section 12 and 13, provides an immediate effective date under AS 01.10.070(c),