

HOUSE BILL NO. 72

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE ORTIZ

Introduced: 2/15/23

Referred: House Special Committee on Ways and Means, 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 **and providing for an effective date."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 SHORT TITLE. This Act may be known as the Protecting Future Dividends Act.

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

9 **Sec. 37.13.140. Income.** (a) Net income of the fund includes income of the
10 earnings reserve account established under AS 37.13.145. Net income of the fund shall
11 be computed annually as of the last day of the fiscal year in accordance with generally
12 accepted accounting principles, excluding any unrealized gains or losses. [INCOME
13 AVAILABLE FOR DISTRIBUTION EQUALS 21 PERCENT OF THE NET
14 INCOME OF THE FUND FOR THE LAST FIVE FISCAL YEARS, INCLUDING

1 THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED NET INCOME OF
 2 THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS THE BALANCE IN
 3 THE EARNINGS RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

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

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

15 (b) **Each** [AT THE END OF EACH] fiscal year, the **legislature may**
 16 **appropriate** [CORPORATION SHALL TRANSFER] from the

17 **(1) earnings reserve account to the general fund the amount**
 18 **available for appropriation calculated under AS 37.13.140(b);**

19 **(2) general fund to the** dividend fund established under
 20 AS 43.23.045, **25** [50] percent of the income available for distribution under
 21 AS 37.13.140.

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

23 (c) After the **appropriations** [TRANSFER] under (b) [AND AN
 24 APPROPRIATION UNDER (e)] of this section, the **legislature may appropriate**
 25 [CORPORATION SHALL TRANSFER] from the earnings reserve account to the
 26 principal of the fund an amount sufficient to offset the effect of inflation on the
 27 principal of the fund during that fiscal year. However, none of the amount transferred
 28 shall be applied to increase the value of that portion of the principal attributed to the
 29 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
 30 Judicial District) on July 1, 2004. The corporation shall calculate the amount to
 31 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. 5.** 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 appropriation [DISTRIBUTION] to the general fund or the dividend fund under AS 37.13.140(b) or [,] for an appropriation [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. 6.** 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. 7.** 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

1 under AS 37.13.145(b) during the current year;

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

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

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

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

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

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

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

21 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).