

CS FOR HOUSE BILL NO. 411(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/29/00
Referred: Finance

Sponsor(s): REPRESENTATIVES HUDSON, Austerman, Phillips, Murkowski, Davies

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the market value of the permanent fund and to distribution
2 of income of the permanent fund; and providing for an effective date."

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

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

5 **Sec. 37.13.140. Income available for distribution. The market value [NET**
6 **INCOME] of the fund includes the market value [INCOME] of the earnings reserve**
7 **account established under AS 37.13.145. The market value [NET INCOME] of the**
8 **fund shall be computed annually as of the last day of the fiscal year in accordance**
9 **with generally accepted accounting principles [, EXCLUDING ANY UNREALIZED**
10 **GAINS OR LOSSES]. Income available for distribution equals 5.3 [21] percent of the**
11 **average year-end market value [NET INCOME] of the fund for the last three**
12 **[FIVE] fiscal years, including the fiscal year just ended, but may not exceed [NET**
13 **INCOME OF THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS] the**
14 **balance in the earnings reserve account described in AS 37.13.145.**

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

2 (b) **By October 1** [AT THE END OF] each [FISCAL] year, the corporation
3 shall transfer from the earnings reserve account to the dividend fund established under
4 AS 43.23.045, **75** [50] percent of the income available for distribution under
5 AS 37.13.140, **or the balance in the account, whichever is less.**

6 * **Sec. 3.** AS 37.13.145 is amended by adding a new subsection to read:

7 (e) By October 1 each year after the transfer under (b) of this section, the
8 corporation shall transfer from the earnings reserve account to the general fund 25
9 percent of the income available for distribution under AS 37.13.140, or the balance in
10 the account, whichever is less.

11 * **Sec. 4.** AS 37.13.300(c) is amended to read:

12 (c) **Income or other money** [NET INCOME] from the mental health trust
13 fund may not be included in the computation of [NET] income available for
14 distribution under AS 37.13.140.

15 * **Sec. 5.** AS 37.14.031(c) is amended to read:

16 (c) The net income of the fund shall be determined by the Alaska Permanent
17 Fund Corporation **annually as of the last day of the fiscal year in accordance with**
18 **generally accepted accounting principles, excluding any unrealized gains or losses**
19 [IN THE SAME MANNER THE CORPORATION DETERMINES THE NET
20 INCOME OF THE ALASKA PERMANENT FUND UNDER AS 37.13.140].

21 * **Sec. 6.** AS 37.17.020(b) is amended to read:

22 (b) The endowment shall be held and invested by the Alaska Permanent Fund
23 Corporation subject to AS 37.13.120; however, net income from the endowment shall
24 be distributed under AS 37.17.010 - 37.17.110 and 37.17.225. **Income or other**
25 **money** [NET INCOME] from the endowment may not be included in the computation
26 of [NET] income available for distribution under AS 37.13.140.

27 * **Sec. 7.** AS 37.17.440(b) is amended to read:

28 (b) The principal and income of the endowment shall be held and invested by
29 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net income
30 from the endowment and subsequent income earned on net income from the
31 endowment shall be held in a separate account until appropriated by the legislature.

1 **Income or other money** [NET INCOME] from the endowment may not be included
2 in the computation of [NET] income available for distribution under AS 37.13.140.

3 * **Sec. 8.** AS 37.13.145(c) is repealed.

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

6 TRANSITION. Notwithstanding AS 37.13.140, as amended in sec. 1 of this Act,
7 income available for distribution following the end of fiscal year

8 (1) 2000 is equal to 5.3 percent of the year-end market value of the fund, but
9 may not exceed the balance in the earnings reserve account;

10 (2) 2001 is equal to 5.3 percent of the average of the year-end market value
11 of the fund for the last two fiscal years, including the fiscal year just ended, but may not
12 exceed the balance in the earnings reserve account.

13 * **Sec. 10.** This Act takes effect June 30, 2000.