

HOUSE BILL NO. 411

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES HUDSON, Austerman, Phillips, Murkowski, Davies

Introduced: 2/16/00

Referred: State Affairs, Finance

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 **five [21]** percent of
11 the **average of the quarter-end market values [NET INCOME]** of the fund **during**
12 **[FOR] the last 20 fiscal year quarters [FIVE FISCAL YEARS]**, including the fiscal
13 year just ended, but may not exceed [NET INCOME OF THE FUND FOR THE
14 FISCAL YEAR JUST ENDED PLUS] the balance in the earnings reserve account

1 described in AS 37.13.145.

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

3 (b) At the end of each fiscal year, the corporation shall transfer from the
4 earnings reserve account to the dividend fund established under AS 43.23.045, **80** [50]
5 percent of the income available for distribution under AS 37.13.140, **or the balance**
6 **in the account, whichever is less.**

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

8 (e) After the transfer under (b) of this section, the corporation shall transfer
9 from the earnings reserve account to the general fund 20 percent of the income
10 available for distribution under AS 37.13.140, or the balance in the account, whichever
11 is less.

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

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

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

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

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

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

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

29 (b) The principal and income of the endowment shall be held and invested by
30 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net income
31 from the endowment and subsequent income earned on net income from the

1 endowment shall be held in a separate account until appropriated by the legislature.
2 **Income or other money** [NET INCOME] from the endowment may not be included
3 in the computation of [NET] income available for distribution under AS 37.13.140.

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

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

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

9 (1) fiscal year 2001 is equal to five percent of the average of the quarter-end
10 market values of the fund during the last eight fiscal year quarters, including the fiscal year
11 just ended, but may not exceed the balance in the earnings reserve account;

12 (2) fiscal year 2002 is equal to five percent of the average of the quarter-end
13 market values of the fund during the last 12 fiscal year quarters, including the fiscal year just
14 ended, but may not exceed the balance in the earnings reserve account; and

15 (3) fiscal year 2003 is equal to five percent of the average of the quarter-end
16 market values of the fund during the last 16 fiscal year quarters, including the fiscal year just
17 ended, but may not exceed the balance in the earnings reserve account.

18 * **Sec. 10.** This Act takes effect July 1, 2000.