

HOUSE BILL NO. 398

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES SCALZI, Mulder, Stevens

Introduced: 2/8/02

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to disposition of income of the Alaska permanent fund; and providing**
2 **for an effective date."**

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

4 * **Section 1.** AS 37.13.145(b) is amended to read:

5 (b) **After the transfers under (c) and (e) of this section, at** [AT] the end of
6 each fiscal year, the corporation shall transfer from the earnings reserve account to the
7 dividend fund established under AS 43.23.045, 50 percent of the income available for
8 distribution under AS 37.13.140 **minus any amount transferred under (e) of this**
9 **section, or the balance in the account, whichever is less.**

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

11 (c) **At the end of each fiscal year** [AFTER THE TRANSFER UNDER (b)
12 OF THIS SECTION], the corporation shall transfer from the earnings reserve account
13 to the principal of the fund an amount sufficient to offset the effect of inflation on
14 principal of the fund during that fiscal year. The corporation shall calculate the

1 amount to transfer to the principal under this subsection by

2 (1) computing the average of the monthly United States Consumer
3 Price Index for all urban consumers for each of the two previous calendar years;

4 (2) computing the percentage change between the first and second
5 calendar year average; and

6 (3) applying that rate to the value of the principal of the fund on the
7 last day of the fiscal year just ended.

8 * **Sec. 3.** AS 37.13.145(d) is amended to read:

9 (d) Notwithstanding (b) **and (e)** of this section, income earned on money
10 awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ.
11 (Superior Court, First Judicial District), including settlement, summary judgment, or
12 adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or
13 interest earned on the money, or on the earnings of the money shall be treated in the
14 same manner as other income of the Alaska permanent fund, except that it is not
15 available for distribution to the dividend fund, and shall be annually deposited into the
16 principal of the Alaska permanent fund.

17 * **Sec. 4.** AS 37.13.145 is amended by adding a new subsection to read:

18 (e) If, on June 30 of any fiscal year, the balance in the budget reserve fund
19 (art. IX, sec. 17, Constitution of the State of Alaska) is less than \$1,500,000,000, the
20 commissioner of revenue shall notify the corporation of the amount necessary to bring
21 the budget reserve fund balance up to \$1,500,000,000. After the transfer under (c) of
22 this section, the corporation shall transfer to the budget reserve fund from the earnings
23 reserve account the amount identified by the commissioner or the balance in the
24 account, whichever is less.

25 * **Sec. 5.** This Act takes effect June 29, 2002.