

CS FOR SENATE JOINT RESOLUTION NO. 11(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 4/24/01

Referred: Finance

Sponsor(s): SENATORS WARD, Green

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska to guarantee the**
2 **permanent fund dividend, to provide for inflation proofing the permanent fund, and**
3 **relating to distribution of income of the permanent fund.**

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

5 * **Section 1.** This resolution shall be known as an amendment to guarantee the permanent
6 fund dividend and provide for inflation proofing.

7 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

8 **Section 15. Alaska Permanent Fund. (a)** At least twenty-five per cent of all
9 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
10 payments and bonuses received by the State shall be placed in a permanent fund, the
11 principal of which shall be used only for those income-producing investments
12 specifically designated by law as eligible for permanent fund investments. [ALL
13 INCOME FROM THE PERMANENT FUND SHALL BE DEPOSITED IN THE
14 GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW.]

15 * **Sec. 3.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding new

1 subsections to read:

2 (b) Net income of the permanent fund includes income of the earnings reserve
3 account established under (c) of this section. Net income of the fund shall be
4 computed annually as of the last day of the fiscal year in accordance with generally
5 accepted accounting principles, excluding any unrealized gains or losses. Income
6 available for distribution equals twenty-one percent of the net income of the fund for
7 the last five fiscal years, including the fiscal year just ended, but may not exceed net
8 income of the fund for the fiscal year just ended plus the balance in the earnings
9 reserve account.

10 (c) The earnings reserve account is established as a separate account in the
11 permanent fund. Income from the fund shall be deposited into the account as soon as
12 it is received. Money in the account shall be invested in investments designated by
13 law as eligible for permanent fund investments.

14 (d) On the last day of each fiscal year, fifty percent of the income available for
15 distribution calculated under (b) of this section or the balance in the earnings reserve
16 account, whichever is less, shall be transferred from the earnings reserve account to a
17 separate dividend fund established in the general fund. Money transferred to the
18 dividend fund may only be used for a program established by law that distributes
19 permanent fund income to state residents.

20 (e) On the last day of the fiscal year, after the transfer under (d) of this section,
21 an amount sufficient to offset the effect of inflation on the principal of the permanent
22 fund during that fiscal year or the balance in the earnings reserve account, whichever
23 is less, shall be transferred from the earnings reserve account to the principal of the
24 fund. The amount to transfer to the principal under this subsection shall be calculated
25 by

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

28 (2) computing the percentage change between the first and second
29 calendar year average; and

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

1 (f) An amount equal to the balance in the earnings reserve account on the first
2 day of a fiscal year may be appropriated during that fiscal year for any public purpose.

3 * **Sec. 4.** The amendments proposed by this resolution shall be placed before the voters of
4 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
5 State of Alaska, and the election laws of the state.