

**HOUSE BILL NO. 35**

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

**BY REPRESENTATIVE HUDSON**

**Introduced: 1/8/01**  
**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 of**  
2 **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 with**  
9 **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(d) is amended to read:

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

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

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

20 \* **Sec. 5.** AS 37.13.150 is amended to read:

21 **Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's  
22 investments must be identified as the source of the operating budget of the corporation  
23 in the state's operating budget under AS 37.07 (Executive Budget Act). The  
24 unexpended balance of the corporation's annual operating budget does not lapse at the  
25 end of the fiscal year but shall be treated as income **from the fund** under  
26 **AS 37.13.145(a)** [AS 37.13.140].

27 \* **Sec. 6.** AS 37.13.300(c) is amended to read:

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

31 \* **Sec. 7.** AS 37.14.031(c) is amended to read:

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

6 \* **Sec. 8.** AS 37.17.020(b) is amended to read:

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

12 \* **Sec. 9.** AS 37.17.440(b) is amended to read:

13 (b) The principal and income of the endowment shall be held and invested by  
 14 the Alaska Permanent Fund Corporation subject to AS 37.13.120; however, net  
 15 income from the endowment and subsequent income earned on net income from the  
 16 endowment shall be held in a separate account until appropriated by the legislature.  
 17 Income or other money [NET INCOME] from the endowment may not be included  
 18 in the computation of [NET] income available for distribution under AS 37.13.140.

19 \* **Sec. 10.** AS 37.13.145(c) is repealed.

20 \* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to  
 21 read:

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

24 (1) 2001 is equal to 5.3 percent of the year-end market value of the fund, but  
 25 may not exceed the balance in the earnings reserve account;

26 (2) 2002 is equal to 5.3 percent of the average of the year-end market value of  
 27 the fund for the last two fiscal years, including the fiscal year just ended, but may not exceed  
 28 the balance in the earnings reserve account.

29 \* **Sec. 12.** This Act takes effect June 30, 2001.