

AMENDMENT #2

OFFERED IN THE SENATE
TO: CSHJR 26(FIN)

BY SENATOR THERRIAULT

1 Page 1, line 1, through page 2, line 12:

2 Delete all material and insert:

3 **"Proposing amendments to the Constitution of the State of Alaska relating to the**
4 **Alaska permanent fund, establishing the earnings account, and permitting distribution**
5 **from the account only for costs of administering the permanent fund, permanent fund**
6 **dividends, public education, and deposits to the principal of the permanent fund; and**
7 **providing for an effective date for the amendments.**

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

9 * **Section 1.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

10 **Section 15. Alaska Permanent Fund. (a)** At least twenty-five per cent of all
11 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
12 payments and bonuses received by the State shall be placed in a permanent fund, the
13 principal of which shall be used only for those income-producing investments
14 specifically designated by law as eligible for permanent fund investments. **The**
15 **earnings account is established as a separate account in the fund.** All income
16 from the permanent fund, **determined in accordance with generally accepted**
17 **accounting principles as provided by law,** shall be **accounted for** [DEPOSITED] in
18 the **earnings account.** **Appropriations may only be made from the earnings**
19 **account as provided in (b) and (c) of this section** [GENERAL FUND UNLESS
20 OTHERWISE PROVIDED BY LAW].

21 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding new
22 subsections to read:

23 (b) Appropriations under this subsection from the earnings account for a fiscal

1 year may not exceed five percent of the average of the market values of the fund on
 2 June 30 for the first five of the six fiscal years immediately preceding that fiscal year.
 3 Appropriations from the earnings account may be made only for the following
 4 purposes:

- 5 (1) costs of administering the permanent fund;
- 6 (2) a program of dividend payments for State residents established by
 7 law; and
- 8 (3) public education.

9 (c) Appropriations from the earnings account to the principal of the permanent
 10 fund may be made at any time.

11 * **Sec. 3.** Article XV, Constitution of the State of Alaska, is amended by adding a new
 12 section to read:

13 **Section 30. Transition; Effective Date.** (a) On January 1, 2005, the
 14 unencumbered, unappropriated balance of the earnings reserve account established
 15 under AS 37.13.145(a) becomes part of the Alaska permanent fund, and the fund shall
 16 be reconstituted as follows:

17 (1) the fund principal consists of that portion of the total fund value
 18 attributable to all deposits made under Section 15 of Article IX before January 1,
 19 2005, all appropriations made to the fund principal before January 1, 2005, and all
 20 other transfers made to the fund principal before January 1, 2005;

21 (2) the earnings account consists of that portion of the total fund value
 22 not attributed to principal under (1) of this subsection.

23 (b) Section 15(b) of Article IX first applies to appropriations for fiscal year
 24 2006. Appropriations from the permanent fund for fiscal year 2005 are subject to
 25 Section 15 of Article IX as that section read on June 30, 2004.

26 (c) The 2004 amendments relating to the Alaska permanent fund (art. IX, sec.
 27 15) and this section take effect January 1, 2005."