

**CS FOR HOUSE BILL NO. 298(FIN) am**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/27/04

Offered: 4/7/04

Sponsor(s): HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the income of and appropriations from the Alaska permanent fund**  
2 **under art. IX, sec. 15(b), Constitution of the State of Alaska, and making conforming**  
3 **amendments; relating to the determination of net income of the mental health trust**  
4 **fund; and providing for an effective date."**

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

6 \* **Section 1.** AS 09.20.050(b) is amended to read:

7 (b) The jury list shall be based on a list prepared by the Department of  
8 Revenue of all persons who filed an application for a [DISTRIBUTION OF  
9 ALASKA] permanent fund dividend [INCOME] under AS 43.23 during the current  
10 calendar year that shows an Alaska [ALASKAN] address, and of all persons who  
11 volunteer for jury duty under (d) of this section. If considered necessary by the  
12 administrative director of the Alaska Court System, the jury list shall incorporate a list  
13 prepared by the Department of Administration of all persons who hold a valid Alaska  
14 driver's license. The departments shall submit their respective lists to the Alaska

1 Court System not later than September 30 of each year. To the extent that it is  
 2 available, the departments shall include on the lists they submit the following  
 3 information for each person: first name, middle initial, and last name; mailing address,  
 4 including the zip code; and birth date. The lists shall be recorded on magnetic tape  
 5 compatible with Alaska Court System data processing equipment.

6 \* **Sec. 2.** AS 24.20.206 is amended to read:

7 **Sec. 24.20.206. Duties.** The Legislative Budget and Audit Committee shall

8 (1) [REPEALED

9 (2)] annually review the long-range operating plans of all agencies of  
 10 the state that perform lending or investment functions;

11 (2) [(3)] review periodic reports from all agencies of the state that  
 12 perform lending or investment functions;

13 (3) [(4)] prepare a complete report of investment programs, plans,  
 14 performance, and policies of all agencies of the state that perform lending or  
 15 investment functions and notify the legislature within 30 days after the convening of  
 16 each regular session that the report is available;

17 (4) [(5)] in conjunction with the finance committee of each house,  
 18 recommend annually to the legislature the investment policy for the general fund  
 19 surplus and for the [INCOME FROM THE] permanent fund;

20 (5) [(6)] provide for an annual post audit and annual operational and  
 21 performance evaluation of the Alaska Permanent Fund Corporation investments and  
 22 investment programs;

23 (6) [(7)] provide for an annual operational and performance evaluation  
 24 of the Alaska Housing Finance Corporation and the Alaska Industrial Development  
 25 and Export Authority; the performance evaluation must include, but is not limited to, a  
 26 comparison of the effect on various sectors of the economy by public and private  
 27 lending, the effect on resident and nonresident employment, the effect on real wages,  
 28 and the effect on state and local operating and capital budgets of the programs of the  
 29 Alaska Housing Finance Corporation and the Alaska Industrial Development and  
 30 Export Authority;

31 (7) [(8)] provide assistance to the trustees of the trust established in

1 AS 37.14.400 - 37.14.450 in carrying out their duties under AS 37.14.415.

2 \* **Sec. 3.** AS 37.13 is amended by adding a new section to read:

3 **Sec. 37.13.143. Appropriations from the fund.** (a) The total amount  
4 available for appropriation from the fund for a specific fiscal year is determined under  
5 art. IX, sec. 15(b), Constitution of the State of Alaska. However, if the annualized real  
6 rate of return of the fund during the first 10 of the 11 fiscal years immediately  
7 preceding the specific fiscal year was less than five percent, the amount available for  
8 appropriation for that specific fiscal year may not exceed that 10-year annualized real  
9 rate of return multiplied by the average of the fiscal year-end market values of the  
10 fund for the first five of the six fiscal years immediately preceding that specific fiscal  
11 year. For purposes of this subsection, "real rate of return" means the total rate of  
12 return of the fund's investments for the period measured, minus the rate of inflation for  
13 that period, stated on an annualized basis.

14 (b) The legislature may appropriate from the fund for each fiscal year the  
15 amount for costs of the corporation associated with operating and investing the fund.

16 (c) After the appropriation under (b) of this section, appropriations by the  
17 legislature for a specific fiscal year are limited as follows, based on the total amount  
18 remaining available for appropriation under (a) of this section:

19 (1) not more than five percent may be appropriated for municipalities  
20 and other communities;

21 (2) not more than 45 percent may be appropriated for public education;

22 (3) not more than 50 percent may be appropriated to the dividend fund  
23 established under AS 43.23.045.

24 (d) The corporation shall transfer money appropriated under this section from  
25 the fund within 14 days after the effective date of the appropriation.

26 (e) For purposes of (a) of this section, the corporation shall calculate the rate  
27 of inflation using the annual year over year change in the Consumer Price Index for all  
28 urban consumers for the time period specified.

29 \* **Sec. 4.** AS 37.13 is amended by adding a new section to read:

30 **Sec. 37.13.148. Market value of the fund.** For the purposes of art. IX, sec.  
31 15(b), Constitution of the State of Alaska, the corporation shall determine the market

1 value of the fund annually as of the close of business on June 30 in accordance with  
 2 generally accepted accounting principles for the determination of fair value.

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

4 **Sec. 37.13.150. Corporation budget.** The [REVENUE GENERATED BY  
 5 THE FUND'S INVESTMENTS MUST BE IDENTIFIED AS THE SOURCE OF  
 6 THE] operating budget of the corporation **shall be included** in the state's operating  
 7 budget under AS 37.07 (Executive Budget Act). [THE UNEXPENDED BALANCE  
 8 OF THE CORPORATION'S ANNUAL OPERATING BUDGET DOES NOT LAPSE  
 9 AT THE END OF THE FISCAL YEAR BUT SHALL BE TREATED AS INCOME  
 10 UNDER AS 37.13.140.]

11 \* **Sec. 6.** AS 37.14.031(c) is amended to read:

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

17 \* **Sec. 7.** AS 43.23.025(a) is amended to read:

18 (a) By October 1 of each year, the commissioner shall determine the value of  
 19 each permanent fund dividend for that year by

20 (1) determining the total amount available for dividend payments,  
 21 which equals

22 (A) the amount of **money appropriated from** [INCOME OF]  
 23 the Alaska permanent fund [TRANSFERRED] to the dividend fund under  
 24 **AS 37.13.143** [AS 37.13.145(b)] during the current year;

25 (B) plus the unexpended and unobligated balances of prior  
 26 fiscal year appropriations that lapse into the dividend fund under  
 27 AS 43.23.045(d);

28 (C) less the amount necessary to pay prior year dividends from  
 29 the dividend fund in the current year under AS 43.23.005(h) and under  
 30 AS 43.23.055(3) and (7);

31 (D) less the amount necessary to pay dividends from the

1 dividend fund due to eligible applicants who, as determined by the department,  
 2 filed for a previous year's dividend by the filing deadline but who were not  
 3 included in a previous year's dividend computation;

4 (E) less appropriations from the dividend fund during the  
 5 current year, including amounts to pay costs of administering the dividend  
 6 program and the hold harmless provisions of AS 43.23.075;

7 (2) determining the number of individuals eligible to receive a  
 8 dividend payment for the current year and the number of estates and successors  
 9 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

10 (3) dividing the amount determined under (1) of this subsection by the  
 11 amount determined under (2) of this subsection.

12 \* **Sec. 8.** AS 43.23.028(a) is amended to read:

13 (a) By October 1 of each year, the commissioner shall give public notice of  
 14 the value of each permanent fund dividend for that year and notice of the information  
 15 required to be disclosed under (3) of this subsection. In addition, the stub attached to  
 16 each individual dividend check and direct deposit advice must

17 (1) disclose the amount of each dividend attributable to [INCOME  
 18 EARNED BY THE PERMANENT FUND FROM] deposits to that fund required  
 19 under art. IX, sec. 15, Constitution of the State of Alaska;

20 (2) disclose the amount of each dividend attributable to **all** [INCOME  
 21 EARNED BY THE PERMANENT FUND FROM] appropriations to that fund **plus**  
 22 [AND FROM] amounts added to that fund **before January 1, 2005,** to offset the  
 23 effects of inflation;

24 (3) disclose the amount by which each dividend has been reduced due  
 25 to each appropriation from the dividend fund, including amounts to pay the costs of  
 26 administering the dividend program and the hold harmless provisions of  
 27 AS 43.23.075;

28 (4) include a statement that an individual is not eligible for a dividend  
 29 when

30 (A) during the qualifying year, the individual was convicted of  
 31 a felony;

1 (B) during all or part of the qualifying year, the individual was  
 2 incarcerated as a result of the conviction of a

3 (i) felony; or

4 (ii) misdemeanor if the individual has been convicted of  
 5 a prior felony or two or more prior misdemeanors;

6 (5) include a statement that the legislative purpose for making  
 7 individuals listed under (4) of this subsection ineligible is to

8 (A) obtain reimbursement for some of the costs imposed on the  
 9 state criminal justice system related to incarceration or probation of those  
 10 individuals;

11 (B) provide funds for services for and payments to crime  
 12 victims and for grants for the operation of domestic violence and sexual assault  
 13 programs;

14 (6) disclose the total amount that would have been paid during the  
 15 previous fiscal year to individuals who were ineligible to receive dividends under  
 16 AS 43.23.005(d) if they had been eligible;

17 (7) disclose the total amount appropriated for the current fiscal year  
 18 under (b) of this section for each of the funds and agencies listed in (b) of this section.

19 \* **Sec. 9.** AS 37.13.140, 37.13.145, and 37.13.300(c) are repealed.

20 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
 21 read:

22 **CONDITIONAL EFFECT.** This Act takes effect only if an amendment to art. IX, sec.  
 23 15, Constitution of the State of Alaska, relating to and limiting appropriations from the Alaska  
 24 permanent fund based on an averaged percent of the fund market value, is approved by the  
 25 voters during the 2004 general election and takes effect.

26 \* **Sec. 11.** If this Act takes effect under sec. 10 of this Act, it takes effect on January 1,  
 27 2005, except as provided in sec. 12 of this Act.

28 \* **Sec. 12.** Sections 1 and 2 of this Act take effect immediately under AS 01.10.070(c).