

**HOUSE BILL NO. 501**

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

**BY REPRESENTATIVE HOLM**

**Introduced: 2/16/04**

**Referred: State Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transfers from the earnings reserve account to the dividend fund and to**  
2 **the principal of the permanent fund to offset the effect of inflation; and providing for an**  
3 **effective date."**

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

5 \* **Section 1.** AS 37.13.145(c) is amended to read:

6 (c) **At the end of each fiscal year** [AFTER THE TRANSFER UNDER (b)  
7 OF THIS SECTION], the corporation shall transfer from the earnings reserve account  
8 to the principal of the fund an amount sufficient to offset the effect of inflation on  
9 principal of the fund during that fiscal year. The corporation shall calculate the amount  
10 to transfer to the principal under this subsection by

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

13 (2) computing the percentage change between the first and second  
14 calendar year average; and

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

3 \* **Sec. 2.** AS 37.13.145(d) is amended to read:

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

12 \* **Sec. 3.** AS 37.13.145 is amended by adding a new subsection to read:

13 (e) After the transfer under (c) of this section, the corporation shall transfer  
14 from the earnings reserve account to the dividend fund established under  
15 AS 43.23.045, 50 percent of the income available for distribution under AS 37.13.140  
16 or the balance in the earnings reserve account, whichever is less.

17 \* **Sec. 4.** 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 income of the Alaska permanent fund  
23 transferred to the dividend fund under **AS 37.13.145(e)** [AS 37.13.145(b)]  
24 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. 5.** AS 37.13.145(b) is repealed.

13 \* **Sec. 6.** This Act takes effect June 1, 2004.