

**HOUSE BILL NO. 553**

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

**BY THE HOUSE FINANCE COMMITTEE**

**Introduced: 4/7/04**  
**Referred: Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to investments of the Alaska permanent fund and to the income of and**  
2 **appropriations from the Alaska permanent fund and making conforming amendments;**  
3 **relating to the determination of net income of the mental health trust fund; and**  
4 **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8 (1) [REPEALED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 37.13.120(a) is amended to read:

3 (a) **This section applies to investment of fund principal and all other**  
 4 **amounts in the fund.** The prudent-investor rule shall be applied by the board in the  
 5 management and investment of fund assets. The prudent-investor rule as applied to  
 6 investments of the fund means that in making investments the board shall exercise the  
 7 judgment and care under the circumstances then prevailing that an institutional  
 8 investor of ordinary prudence, discretion, and intelligence exercises in the  
 9 management of large investments entrusted to it not in regard to speculation but in  
 10 regard to the permanent disposition of funds, considering probable safety of capital as  
 11 well as probable income.

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

13 **Sec. 37.13.143. Appropriations from the fund.** (a) The legislature may  
 14 appropriate from the fund for each fiscal year the amount for costs of the corporation  
 15 associated with operating and investing the fund.

16 (b) After the appropriation under (a) 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 art. IX, sec. 15, Constitution of the State  
 19 of Alaska:

20 (1) not more than 50 percent may be appropriated to the general fund;

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

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

25 \* **Sec. 5.** AS 37.13 is amended by adding a new section to read:

26 **Sec. 37.13.148. Market value of the fund.** For the purposes of art. IX, sec.  
 27 15, Constitution of the State of Alaska, the corporation shall determine the principal  
 28 and market value of the fund annually as of the close of business on June 30 in  
 29 accordance with generally accepted accounting principles for the determination of fair  
 30 value.

31 \* **Sec. 6.** AS 37.13.150 is amended to read:

1           **Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's  
 2 investments must be identified as the source of the operating budget of the corporation  
 3 **and shall be included** in the state's operating budget under AS 37.07 (Executive  
 4 Budget Act). [THE UNEXPENDED BALANCE OF THE CORPORATION'S  
 5 ANNUAL OPERATING BUDGET DOES NOT LAPSE AT THE END OF THE  
 6 FISCAL YEAR BUT SHALL BE TREATED AS INCOME UNDER AS 37.13.140.]

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

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

13 \* **Sec. 8.** AS 43.23.025(a) is amended to read:

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

16                   (1) determining the total amount available for dividend payments,  
 17 which equals

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

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

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

27                           (D) less the amount necessary to pay dividends from the  
 28 dividend fund due to eligible applicants who, as determined by the department,  
 29 filed for a previous year's dividend by the filing deadline but who were not  
 30 included in a previous year's dividend computation;

31                           (E) less appropriations from the dividend fund during the

1 current year, including amounts to pay costs of administering the dividend  
2 program and the hold harmless provisions of AS 43.23.075;

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

6 (3) dividing the amount determined under (1) of this subsection by the  
7 amount determined under (2) of this subsection.

8 \* **Sec. 9.** AS 43.23.028(a) is amended to read:

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

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

16 (2) disclose the amount of each dividend attributable to [INCOME  
17 EARNED BY THE PERMANENT FUND FROM] appropriations to **the permanent**  
18 **fund** [THAT FUND AND FROM AMOUNTS ADDED TO THAT FUND TO  
19 OFFSET THE EFFECTS OF INFLATION];

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

24 (4) include a statement that an individual is not eligible for a dividend  
25 when

26 (A) during the qualifying year, the individual was convicted of  
27 a felony;

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

30 (i) felony; or

31 (ii) misdemeanor if the individual has been convicted of

1 a prior felony or two or more prior misdemeanors;

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

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

7 (B) provide funds for services for and payments to crime  
8 victims and for grants for the operation of domestic violence and sexual assault  
9 programs;

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

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

15 \* **Sec. 10.** AS 37.13.140, 37.13.145, and 37.13.300(c) are repealed.

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

18 **CONDITIONAL EFFECT.** This Act takes effect only if an amendment to art. IX, sec.  
19 15, Constitution of the State of Alaska, relating to and limiting appropriations from the Alaska  
20 permanent fund based on an averaged percent of the fund market value, is approved by the  
21 voters during the 2004 general election and takes effect.

22 \* **Sec. 12.** If this Act takes effect under sec. 11 of this Act, it takes effect on January 1,  
23 2005.