

CS FOR HOUSE JOINT RESOLUTION NO. 26(FIN) am S(fld S)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/7/04

Offered: 4/7/04

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to the Alaska**
2 **permanent fund, establishing the earnings account, and permitting deposits to the**
3 **principal of the permanent fund; and providing for an effective date for the**
4 **amendments.**

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

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

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

1 account as provided in (b) and (c) of this section [GENERAL FUND UNLESS
2 OTHERWISE PROVIDED BY LAW].

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

5 (b) Appropriations under this subsection from the earnings account for
6 a fiscal year may not exceed five percent of the average of the market values of the
7 fund on June 30 for the first five of the six fiscal years immediately preceding that
8 fiscal year.

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.

28 * **Sec. 4.** The amendments proposed by this resolution shall be placed before the voters of
29 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
30 State of Alaska, and the election laws of the state.