

SENATE BILL NO. 1003

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 6/22/04

Referred: Finance

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 permanent fund dividend payments of at least \$1,000; relating**
4 **to the determination of net income of the mental health trust fund; and providing for an**
5 **effective date."**

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

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

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

1 prepared by the Department of Administration of all persons who hold a valid Alaska
 2 driver's license. The departments shall submit their respective lists to the Alaska
 3 Court System not later than September 30 of each year. To the extent that it is
 4 available, the departments shall include on the lists they submit the following
 5 information for each person: first name, middle initial, and last name; mailing address,
 6 including the zip code; and birth date. The lists shall be recorded on magnetic tape
 7 compatible with Alaska Court System data processing equipment.

8 * **Sec. 2.** AS 24.20.206 is amended to read:

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

10 (1) [REPEALED

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

13 (2) [(3)] review periodic reports from all agencies of the state that
 14 perform lending or investment functions;

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

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

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

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

1 Export Authority;

2 (7) [(8)] provide assistance to the trustees of the trust established in
3 AS 37.14.400 - 37.14.450 in carrying out their duties under AS 37.14.415.

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

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

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

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

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

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

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

26 (d) Notwithstanding (c) of this section, the amount of a dividend payment for
27 residents of the state shall be no less than \$1,000 each year. If the appropriation made
28 under (c)(3) of this section would be insufficient to pay that amount, the percentages
29 specified in (c)(1) and (2) of this section are decreased for the applicable year, and the
30 percentage specified in (c)(3) of this section is increased, by the amount necessary to
31 fund the shortfall.

1 (e) The corporation shall transfer money appropriated under this section from
2 the fund within 14 days after the effective date of the appropriation.

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

6 * **Sec. 4.** AS 37.13.145(d) is amended to read:

7 (d) **Income** [NOTWITHSTANDING (b) OF THIS SECTION, INCOME]
8 earned on money awarded in or received as a result of State v. Amerada Hess, et al.
9 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement,
10 summary judgment, or adjustment to a royalty-in-kind contract that is tied to the
11 outcome of this case, or interest earned on the money, or on the earnings of the money
12 shall be treated in the same manner as other income of the Alaska permanent fund,
13 except that it is not available for distribution to the dividend fund [, AND SHALL BE
14 ANNUALLY DEPOSITED INTO THE PRINCIPAL OF THE ALASKA
15 PERMANENT FUND].

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

17 **Sec. 37.13.148. Market value of the fund.** For the purposes of art. IX, sec.
18 15(b), Constitution of the State of Alaska, the corporation shall determine the market
19 value of the fund annually as of the close of business on June 30 in accordance with
20 generally accepted accounting principles for the determination of fair value.

21 * **Sec. 6.** AS 37.13.150 is amended to read:

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

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

30 (c) The net income of the fund shall be determined by the Alaska Permanent
31 Fund Corporation **annually as of the last day of the fiscal year in accordance with**

1 **generally accepted accounting principles** [IN THE SAME MANNER THE
 2 CORPORATION DETERMINES THE NET INCOME OF THE ALASKA
 3 PERMANENT FUND UNDER AS 37.13.140].

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

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

7 (1) determining the total amount available for dividend payments,
 8 which equals

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

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

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

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

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

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

28 (3) dividing the amount determined under (1) of this subsection by the
 29 amount determined under (2) of this subsection.

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

31 (a) By October 1 of each year, the commissioner shall give public notice of

1 the value of each permanent fund dividend for that year and notice of the information
 2 required to be disclosed under (3) of this subsection. In addition, the stub attached to
 3 each individual dividend check and direct deposit advice must

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

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

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

15 (4) include a statement that an individual is not eligible for a dividend
 16 when

17 (A) during the qualifying year, the individual was convicted of
 18 a felony;

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

21 (i) felony; or

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

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

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

29 (B) provide funds for services for and payments to crime
 30 victims and for grants for the operation of domestic violence and sexual assault
 31 programs;

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

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

6 * **Sec. 10.** AS 37.13.140, 37.13.145(a), 37.13.145(b), 37.13.145(c), and 37.13.300(c) are
7 repealed.

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

10 CONDITIONAL EFFECT. This Act takes effect only if an amendment to art. IX, sec.
11 15, Constitution of the State of Alaska, relating to and limiting appropriations from the Alaska
12 permanent fund based on an averaged percent of the fund market value, is approved by the
13 voters during the 2004 general election and takes effect.

14 * **Sec. 12.** If this Act takes effect under sec. 11 of this Act, it takes effect January 1, 2005,
15 except as provided in sec. 13 of this Act.

16 * **Sec. 13.** Sections 1 and 2 of this Act take effect immediately under AS 01.10.070(c).