

CS FOR SENATE JOINT RESOLUTION NO. 24(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 3/1/04

Referred: Finance

Sponsor(s): SENATORS OGAN, Wagoner, Green

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska to guarantee the**
2 **permanent fund dividend, establishing the earnings reserve account, and relating to the**
3 **Alaska permanent fund; and providing for an effective date.**

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

5 * **Section 1.** This resolution shall be known as an amendment to guarantee the permanent
6 fund dividend.

7 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

8 **Section 15. Alaska Permanent Fund. (a)** At least twenty-five per cent of all
9 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
10 payments and bonuses received by the State shall be placed in a permanent fund, the
11 principal of which shall be used only for those income-producing investments
12 specifically designated by law as eligible for permanent fund investments. **The**
13 **earnings reserve account is established as a separate account in the fund. Income**
14 **from the fund shall be deposited into the earnings reserve account as soon as it is**
15 **received. Except as provided in (b) of this section, money in the earnings reserve**
16 **account may be appropriated for any public purpose.** [ALL INCOME FROM

1 THE PERMANENT FUND SHALL BE DEPOSITED IN THE GENERAL FUND
2 UNLESS OTHERWISE PROVIDED BY LAW.]

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

5 (b) Net income of the permanent fund shall be computed annually as of the
6 last day of the fiscal year in accordance with generally accepted accounting principles,
7 excluding any unrealized gains or losses. Income available for distribution under this
8 subsection equals twenty-one percent of the net income of the fund for the last five
9 fiscal years, including the fiscal year just ended, but may not exceed net income of the
10 fund for the fiscal year just ended plus the balance in the earning reserve account. At
11 the end of each fiscal year, fifty percent of the income available for distribution,
12 calculated under this subsection, shall be transferred from the earnings reserve account
13 and used for a program established by law of dividend payments to State residents.

14 * **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new
15 sections to read:

16 **Section 30. Conditional Effect.** The 2004 amendments to the Alaska
17 permanent fund (art. IX, sec. 15) take effect only if, in 2004, the voters approve an
18 amendment relating to an appropriation limit (art. IX, sec. 16).

19 **Section 31. Suspension and Repeal of Amendments.** (a) Notwithstanding
20 Section 1 of Article XIII, the 2004 amendments to Section 15 of Article IX are
21 suspended on the date of an initial determination by the Internal Revenue Service that
22 all or a portion of the permanent fund is subject to federal taxation. The suspension is
23 terminated on the date the amendments are repealed under (b) of this section or one
24 hundred eighty days after the date of a final, nonappealable judgment or order by a
25 federal court deciding that no portion of the permanent fund would be subject to
26 federal taxation as a result of the amendments. During the period of suspension under
27 this subsection, Section 15 of Article IX shall apply as it read on January 1, 2003.

28 (b) Notwithstanding Section 1 of Article XIII, the 2004 amendments to
29 Section 15 of Article IX are repealed one hundred eighty days after the date of a final,
30 nonappealable judgment or order by a federal court deciding that all or a portion of the
31 permanent fund is subject to federal taxation. Upon repeal of the 2004 amendments

1 under this subsection, Section 15 of Article IX is amended to read as it read on
2 January 1, 2003.

3 * **Sec. 5.** The amendments proposed by this resolution shall be placed before the voters of
4 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
5 State of Alaska, and the election laws of the state.