

HOUSE BILL NO. 187

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/28/05

Referred: Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska capital income account within the Alaska permanent**
2 **fund; relating to deposits into the account; relating to certain transfers regarding the**
3 **Amerada Hess settlement to offset the effects of inflation on the Alaska permanent fund;**
4 **and providing for an effective date."**

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

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

7 (c) After the transfer under (b) of this section, the corporation shall transfer
8 from the earnings reserve account to the principal of the fund an amount sufficient to
9 offset the effect of inflation on principal of the fund during that fiscal year. The
10 corporation shall calculate the amount to transfer to the principal under this subsection
11 by

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

14 (2) computing the percentage change between the first and second

1 calendar year average; and

2 (3) applying that rate to the value of the principal of the fund on the
 3 last day of the fiscal year just ended **as adjusted by subtracting from that value**
 4 **\$424,399,000, representing the total value of the principal attributed to the**
 5 **settlement of State v. Amerada Hess, et al., 1 JU-77-847 Civ. (Superior Court,**
 6 **First Judicial District) on June 30, 2004.**

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

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

17 * **Sec. 3.** AS 37.14.145 is amended by adding a new subsection to read:

18 (e) The Alaska capital income account is established as a separate account in
 19 the fund. Money in the Alaska capital income account may be appropriated for any
 20 valid public purpose, including to cover annual debt service and reserves for debt
 21 service on bonds authorized by state law. Money in the account shall be invested in
 22 investments authorized under AS 37.13.120. Nothing in this subsection creates a
 23 dedicated fund.

24 * **Sec. 4.** This Act takes effect June 30, 2005.