

CS FOR HOUSE BILL NO. 187(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/25/05

Referred: Rules

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to money deposited into the Alaska permanent fund as a result of the**
2 **settlement of State v. Amerada Hess; relating to the Alaska capital income fund and to**
3 **deposits of income from State v. Amerada Hess settlement money into the Alaska capital**
4 **income fund; and providing for an effective date."**

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

6 * **Section 1.** AS 37.05 is amended by adding a new section to read:

7 **Sec. 37.05.565. Alaska capital income fund.** (a) There is established in the
8 general fund the Alaska capital income fund consisting of money deposited to the fund
9 under AS 37.13.145(d) and of appropriations to the fund. The fund shall be invested
10 by the Department of Revenue to yield competitive market rates as provided in
11 AS 37.10.071. Income earned on money in the fund may be appropriated to the fund.

12 (b) Money may be appropriated from the Alaska capital income fund for any
13 public purpose, including to cover annual debt service and reserves for debt service on
14 bonds authorized by state law. Nothing in this subsection creates a dedicated fund.

1 * **Sec. 2.** AS 37.13.145(c) is amended to read:

2 (c) After the transfer under (b) of this section, the corporation shall transfer
3 from the earnings reserve account to the principal of the fund an amount sufficient to
4 offset the effect of inflation on principal of the fund during that fiscal year. **However,**
5 **none of the amount transferred shall be applied to increase the value of that**
6 **portion of the principal attributed to the settlement of State v. Amerada Hess, et**
7 **al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on July 1, 2004.** The
8 corporation shall calculate the amount to transfer to the principal under this subsection
9 by

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

12 (2) computing the percentage change between the first and second
13 calendar year average; and

14 (3) applying that rate to the value of the principal of the fund on the
15 last day of the fiscal year just ended, **including that portion of the principal**
16 **attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ.**
17 **(Superior Court, First Judicial District).**

18 * **Sec. 3.** AS 37.13.145(d) is amended to read:

19 (d) Notwithstanding (b) of this section, income earned on money awarded in
20 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
21 Court, First Judicial District), including settlement, summary judgment, or adjustment
22 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
23 on the money, or on the earnings of the money shall be treated in the same manner as
24 other income of the Alaska permanent fund, except that it is not available for
25 distribution to the dividend fund **or for transfers to the principal under (c) of this**
26 **section,** and shall be annually deposited into the **Alaska capital income fund**
27 **(AS 37.05.565)** [PRINCIPAL OF THE ALASKA PERMANENT FUND].

28 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 RETROACTIVITY. Sections 1 - 3 of this Act are retroactive to July 1, 2004.

31 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).