

HOUSE JOINT RESOLUTION NO. 37

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE CRAWFORD

Introduced: 1/19/10

Referred: State Affairs, Judiciary, Finance

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to the Alaska**
2 **permanent fund, establishing the earnings reserve account, and relating to the**
3 **permanent fund dividend.**

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 percent 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 and may be invested as authorized for investments of the principal.**

1 **Money in the earnings reserve account may only be appropriated as provided in**
 2 **(b) of this section** [ALL INCOME FROM THE PERMANENT FUND SHALL BE
 3 DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY
 4 LAW].

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

7 (b) Net income of the permanent fund shall be computed annually as of the
 8 last day of the fiscal year in accordance with generally accepted accounting principles,
 9 excluding any unrealized gains or losses. Income available for distribution under this
 10 subsection equals twenty-one percent of the net income of the fund for the last five
 11 fiscal years, including the fiscal year just ended, but may not exceed net income of the
 12 fund for the fiscal year just ended plus the balance in the earning reserve account. On
 13 the last day of each fiscal year, fifty percent of the income available for distribution,
 14 calculated under this subsection, or the balance in the account, whichever is less, shall
 15 be transferred from the earnings reserve account for use in a program of dividend
 16 payments to State residents established by law. Money remaining in the earnings
 17 reserve account after the transfer may be appropriated for any public purpose.

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

20 **Section 30. Permanent Fund Dividend Amendments: Transition.** The
 21 earnings reserve account established in the 2010 amendments to the Alaska permanent
 22 fund (art. IX, sec. 15) replaces the earnings reserve account established in
 23 AS 37.13.145. Money in the account established in AS 37.13.145 on the effective date
 24 of the 2010 amendments to the Alaska permanent fund (art. IX, sec. 15) shall be
 25 deposited into the earnings reserve account established by those amendments.

26 **Section 31. Suspension and Repeal of Permanent Fund Dividend**
 27 **Amendments.** (a) Notwithstanding Section 1 of Article XIII, the 2010 amendments to
 28 Section 15 of Article IX are suspended on the date of an initial determination by the
 29 Internal Revenue Service that all or a portion of the permanent fund is subject to
 30 federal taxation. The suspension is terminated on the date the amendments are
 31 repealed under (b) of this section or one hundred eighty days after the date of a final,

1 nonappealable judgment or order by a federal court deciding that no portion of the
2 permanent fund would be subject to federal taxation as a result of the amendments.
3 During the period of suspension under this subsection, Section 15 of Article IX shall
4 apply as it read on January 1, 2010.

5 (b) Notwithstanding Section 1 of Article XIII, the 2010 amendments to
6 Section 15 of Article IX are repealed one hundred eighty days after the date of a final,
7 nonappealable judgment or order by a federal court deciding that all or a portion of the
8 permanent fund is subject to federal taxation. Upon repeal of the 2010 amendments
9 under this subsection, Section 15 of Article IX is amended to read as it read on
10 January 1, 2010.

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