

SENATE BILL NO. 114

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATOR MCGUIRE

Introduced: 4/18/15

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to deposits into the dividend fund; and relating to the Alaska**
2 **permanent fund."**

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

4 *** Section 1.** AS 37.13.010(a) is amended to read:

5 (a) Under art. IX, sec. 15, of the state constitution, there is established as a
6 separate fund the Alaska permanent fund. The Alaska permanent fund consists of

7 (1) 25 percent of all mineral lease rentals, royalties, royalty sale
8 proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue
9 sharing payments received by the state from mineral leases issued on or before
10 December 1, 1979, and 25 percent of all bonuses received by the state from mineral
11 leases issued on or before February 15, 1980;

12 (2) 25 [50] percent of all mineral lease rentals, royalties, royalty sale
13 proceeds, net profit shares under AS 38.05.180(f) and (g), and federal mineral revenue
14 sharing payments received by the state from mineral leases issued after December 1,

1 1979, and 25 [50] percent of all bonuses received by the state from mineral leases
2 issued after February 15, 1980; and

3 (3) any other money appropriated to or otherwise allocated by law or
4 former law to the Alaska permanent fund.

5 * **Sec. 2.** AS 37.13 is amended by adding a new section to read:

6 **Sec. 37.13.015. Appropriations to the dividend fund.** The legislature may
7 appropriate to the dividend fund established in AS 43.23.045, 74.5 percent of all
8 mineral lease rentals, royalties, royalty sale proceeds, net profit shares under
9 AS 38.05.180(f) and (g), and federal mineral revenue sharing payments received by
10 the state from mineral leases issued after December 1, 1979, and 74.5 percent of all
11 bonuses received by the state from mineral leases issued after February 15, 1980.
12 Nothing in the section creates a dedicated fund.

13 * **Sec. 3.** AS 37.13.140 is amended to read:

14 **Sec. 37.13.140. Income.** Net income of the fund includes income of the
15 earnings reserve account established under AS 37.13.145. Net income of the fund shall
16 be computed annually as of the last day of the fiscal year in accordance with generally
17 accepted accounting principles, excluding any unrealized gains or losses. [INCOME
18 AVAILABLE FOR DISTRIBUTION EQUALS 21 PERCENT OF THE NET
19 INCOME OF THE FUND FOR THE LAST FIVE FISCAL YEARS, INCLUDING
20 THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED NET INCOME OF
21 THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS THE BALANCE IN
22 THE EARNINGS RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

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

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

1 Alaska capital income fund (AS 37.05.565).

2 * **Sec. 5.** AS 37.13.145 is amended by adding a new subsection to read:

3 (e) At the end of each fiscal year, the corporation shall transfer from the
4 earnings reserve account to the general fund five percent of the average market value
5 of the permanent fund during the preceding five fiscal years. If the amount available
6 for transfer under this subsection is less than five percent of the average market value
7 of the permanent fund during the preceding five fiscal years, the corporation shall
8 transfer the balance of the earnings reserve account to the general fund.

9 * **Sec. 6.** AS 37.13.300(c) is amended to read:

10 (c) Net income from the mental health trust fund may not be included in the
11 computation of net income [AVAILABLE FOR DISTRIBUTION] under
12 AS 37.13.140.

13 * **Sec. 7.** AS 43.23.025(a) is amended to read:

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

16 (1) determining the total amount available for dividend payments,
17 which equals

18 (A) the amount **appropriated** [OF INCOME OF THE
19 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
20 under **AS 37.13.015** [AS 37.13.145(b)] during the current year;

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

24 (C) less the amount necessary to pay prior year dividends from
25 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
26 43.23.055(3) and (7);

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

31 (E) less appropriations from the dividend fund during the

1 current year, including amounts to pay costs of administering the dividend
2 program and the hold harmless provisions of AS 43.23.075;

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

6 (3) dividing the amount determined under (1) of this subsection by the
7 amount determined under (2) of this subsection.

8 * **Sec. 8.** AS 43.23.025 is amended by adding a new subsection to read:

9 (c) If the value of each permanent fund dividend calculated under (a) of this
10 section results in a dividend for each eligible individual that is less than \$1,000, then
11 the legislature may appropriate from the earnings reserve account established in
12 AS 37.13.145 an amount necessary to pay each eligible individual a permanent fund
13 dividend of \$1,000.

14 * **Sec. 9.** AS 43.23.045(d) is amended to read:

15 (d) Unless specified otherwise in an appropriation act, the unexpended and
16 unobligated balance of an appropriation to implement this chapter lapses into the
17 dividend fund on June 30 of the fiscal year for which the appropriation was made and
18 may [SHALL] be used in determining the amount of and paying the subsequent year's
19 dividend as provided in AS 43.23.025(a)(1)(B).

20 * **Sec. 10.** AS 37.13.145(b) and 37.13.145(c) are repealed.