

SENATE JOINT RESOLUTION NO. 1

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATOR WIELECHOWSKI

Introduced: 1/21/15

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, relating to the permanent**
3 **fund dividend, and requiring the permanent fund dividend be at least equal to the**
4 **amount that would be calculated under current law.**

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

6 * **Section 1.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

7 **Section 15. Alaska Permanent Fund. (a)** At least twenty-five percent of all
8 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
9 payments and bonuses received by the State shall be placed in a permanent fund, the
10 principal of which shall be used only for those income-producing investments
11 specifically designated by law as eligible for permanent fund investments. **The**
12 **earnings reserve account is established as a separate account in the fund. Income**
13 **from the fund shall be deposited into the earnings reserve account as soon as it is**
14 **received and may be invested as authorized for investments of the principal.**
15 **Money in the earnings reserve account may be appropriated only as provided in**

1 **(b) of this section** [ALL INCOME FROM THE PERMANENT FUND SHALL BE
2 DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY
3 LAW].

4 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding new
5 subsections to read:

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

18 (c) The dividend shall be calculated in the same manner as it was under
19 Alaska law in calendar year 2013. The legislature may provide for a larger dividend.
20 The amount of the dividend shall be calculated each year by determining the total
21 amount available for dividends and dividing it by the number of recipients eligible for
22 a dividend payment for the current year as designated by law. The total amount
23 available for dividends equals the amount of income of the Alaska permanent fund
24 transferred to the earnings reserve account as provided by law, plus the unexpended
25 and unobligated balances of prior appropriations that lapse into the earnings reserve
26 account, less the amount necessary to pay prior year dividends from the earnings
27 reserve account in the current year, less the amount necessary to pay individuals who
28 filed for a previous year's dividend by the filing deadline but were not included in the
29 previous year's dividend computation, and less appropriations from the earnings
30 reserve account in the current year, including administrative costs.

31 * **Sec. 3.** Article XV, Constitution of the State of Alaska, is amended by adding a new

1 section to read:

2 **Section 30. Permanent Fund Amendments: Transition.** The earnings
3 reserve account established in the 2016 amendments to the Alaska permanent fund
4 (art. IX, sec. 15) replaces the existing earnings reserve account established by law.
5 Money in the existing earnings reserve account on the effective date of the 2016
6 amendments to the Alaska permanent fund (art. IX, sec. 15) shall be deposited into the
7 earnings reserve account established by those amendments.

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