

**SENATE BILL NO. 183**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

**BY SENATOR MICCICHE**

**Introduced: 2/12/18**

**Referred: Secretary's Desk**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the earnings reserve account and the earnings of the Alaska**  
2 **permanent fund; and providing for an effective date."**

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

4 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 LEGISLATIVE INTENT. It is the intent of the legislature that the legislature  
7 reevaluate the use of earnings of the Alaska permanent fund, as prescribed under this Act, in  
8 three years.

9 \* **Sec. 2.** AS 37.13.140 is amended by adding new subsections to read:

10 (b) The corporation shall determine the amount available for general fund  
11 distribution each year. The amount available for general fund distribution is 5.25  
12 percent of the average market value of the fund for the first five of the preceding six  
13 fiscal years, including the fiscal year just ended, computed annually for each fiscal  
14 year in accordance with generally accepted accounting principles, but may not exceed

1 the balance of the earnings reserve account described in AS 37.13.145. In this  
 2 subsection, "the average market value of the fund" includes the balance of the earnings  
 3 reserve account established under AS 37.13.145, but does not include that portion of  
 4 the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847  
 5 Civ. (Superior Court, First Judicial District).

6 (c) In accordance with AS 37.13.145(b)(2), and subject to appropriation, the  
 7 amount available for general fund distribution under (b) of this section shall be  
 8 reduced by 80 cents for each dollar by which the amount calculated under (1) of this  
 9 subsection and the amount under (2) of this subsection if the amount calculated under  
 10 (1) of this subsection exceeds the amount under (2) of this subsection:

11 (1) the total amount of oil and gas production taxes under  
 12 AS 43.55.011 - 43.55.180, mineral lease rentals, royalties, royalty sale proceeds, net  
 13 profit shares under AS 38.05.180(f) and (g), and federal mineral revenue sharing  
 14 payments and bonuses received by the state from mineral leases that are deposited into  
 15 the general fund in the current fiscal year;

16 (2) the sum of \$1,200,000,000, adjusted annually for inflation based on  
 17 a formula provided by the Department of Labor and Workforce Development,  
 18 reflecting the change from the previous year in the Consumer Price Index for the  
 19 Anchorage metropolitan area compiled by the Bureau of Labor and Statistics, United  
 20 States Department of Labor, and rounded to the nearest \$10,000,000.

21 \* **Sec. 3.** AS 37.13.140(b), added by sec. 2 of this Act, is amended to read:

22 (b) The corporation shall determine the amount available for general fund  
 23 distribution each year. The amount available for general fund distribution is **five** [5.25]  
 24 percent of the average market value of the fund for the first five of the preceding six  
 25 fiscal years, including the fiscal year just ended, computed annually for each fiscal  
 26 year in accordance with generally accepted accounting principles, but may not exceed  
 27 the balance of the earnings reserve account described in AS 37.13.145. In this  
 28 subsection, "the average market value of the fund" includes the balance of the earnings  
 29 reserve account established under AS 37.13.145, but does not include that portion of  
 30 the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847  
 31 Civ. (Superior Court, First Judicial District).

1 \* **Sec. 4.** AS 37.13.145 is amended by adding new subsections to read:

2 (e) Each fiscal year, the legislature may appropriate from the earnings reserve  
3 account to the general fund, after the transfer made in (b) of this section, the amount  
4 available for general fund distribution under AS 37.13.140(b).

5 (f) Each year that the balance of the earnings reserve account exceeds four  
6 times the amount calculated for appropriations under (b) and (e) of this section, after  
7 the appropriations under (b) and (e) of this section, the legislature may appropriate  
8 from the earnings reserve account to the principal of the fund the lesser of the

9 (1) amount by which the balance of the earnings reserve account  
10 exceeds four times the amount calculated for appropriations under (b) and (e) of this  
11 section; or

12 (2) cumulative amount of inflation on the principal of the fund  
13 between the current fiscal year and June 30, 2015, less amounts transferred after  
14 June 30, 2015, to the fund to offset the effect of inflation on the principal of the fund.

15 \* **Sec. 5.** AS 37.13.150 is amended to read:

16 **Sec. 37.13.150. Corporation budget.** The revenue generated by the fund's  
17 investments must be identified as the source of the operating budget of the corporation  
18 in the state's operating budget under AS 37.07 (Executive Budget Act). The  
19 unexpended balance of the corporation's annual operating budget does not lapse at the  
20 end of the fiscal year but shall be treated as income **and part of the market value of**  
21 **the fund** under AS 37.13.140.

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

23 (c) Net income from the mental health trust fund may not be included in the  
24 computation of net income **or market value** available for distribution under  
25 AS 37.13.140.

26 \* **Sec. 7.** Section 3 of this Act takes effect July 1, 2021.

27 \* **Sec. 8.** Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2018.