

HOUSE BILL NO. 300

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE WOOL

Introduced: 2/24/20

Referred: Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to deposits into the dividend fund and income of and appropriations
 2 from the earnings reserve account; relating to the community assistance program; and
 3 providing for an effective date."

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

5 * **Section 1.** AS 29.60.850(b) is amended to read:

6 (b) Each fiscal year, the legislature may appropriate to the community
 7 assistance fund money received by the state during the previous calendar year under
 8 AS 43.20.030(c) and money from the earnings reserve account under
 9 AS 37.13.145(b)(6). The amount may not exceed the greater of

10 (1) \$30,000,000; or

11 (2) the amount that, when added to the fund balance on June 30 of the
 12 previous fiscal year, equals \$90,000,000.

13 * **Sec. 2.** AS 29.60.855 is amended by adding a new subsection to read:

14 (d) Notwithstanding (b) of this section, a payment under this section may not

1 exceed \$1,200 per capita each year.

2 * **Sec. 3.** AS 29.60.860(a) is amended to read:

3 (a) Subject to (b) of this section, if the amount available for distribution under
 4 AS 29.60.850(c) exceeds the amount needed to fully fund all the basic community
 5 assistance payments, the balance shall be distributed on a per capita basis to
 6 municipalities, to reserves, and to communities in the unorganized borough. **A**
 7 **combined payment under AS 29.60.855 and this section may not exceed \$1,200**
 8 **per capita each year.**

9 * **Sec. 4.** AS 37.13.140 is amended to read:

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

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

30 * **Sec. 5.** AS 37.13.140(b), as amended by sec. 2, ch. 16, SLA 2018, is amended to read:

31 (b) The corporation shall determine the amount available for appropriation

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

* **Sec. 6.** AS 37.13.145(b) is repealed and reenacted to read:

(b) Each fiscal year, the legislature may appropriate the following percentages of the amount in the earnings reserve account available for appropriation under AS 37.13.140(b), for the following purposes:

- (1) 40 percent to the public education fund;
- (2) 10 percent to fund capital projects;
- (3) 10 percent to the University of Alaska;
- (4) 15 percent to the general fund;
- (5) 15 percent to the dividend fund established under AS 43.23.045;
- (6) 10 percent to the community assistance fund established under

AS 29.60.850.

* **Sec. 7.** AS 37.13.145(c) is amended to read:

(c) After the **appropriations made** [TRANSFER] under (b) [AND AN APPROPRIATION UNDER (e)] of this section, the **legislature may appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve account to the principal of the fund an amount sufficient to offset the effect of inflation on the principal of the fund during that fiscal year. However, none of the amount **appropriated** [TRANSFERRED] shall be applied to increase the value of that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on July 1, 2004. The corporation shall calculate the amount to **appropriate** [TRANSFER] to the principal under this subsection by

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

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

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

* **Sec. 8.** AS 37.13.145(d) is amended to read:

(d) **Income** [NOTWITHSTANDING (b) OF THIS SECTION, INCOME] earned on money awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money shall be treated in the same manner as other income of the Alaska permanent fund, except that it is not available for **appropriation under the calculation under AS 37.13.140(b) or appropriation** [DISTRIBUTION TO THE DIVIDEND FUND, FOR TRANSFERS] to the principal under (c) of this section, [OR FOR AN APPROPRIATION UNDER (e) OF THIS SECTION,] and **it may** [SHALL] be annually **appropriated** [DEPOSITED] into the Alaska capital income fund (AS 37.05.565).

* **Sec. 9.** AS 37.13.145(e) is amended to read:

(e) The legislature may not appropriate from the earnings reserve account [TO THE GENERAL FUND] a total amount that exceeds the amount available for appropriation under AS 37.13.140(b) in a fiscal year. **This subsection does not apply to an appropriation from the earnings reserve account to the principal of the fund.**

* **Sec. 10.** AS 43.23.025(a) is amended to read:

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

(1) determining the total amount available for dividend payments,

1 which equals

2 (A) the amount appropriated [OF INCOME OF THE
3 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
4 under AS 37.13.145(b)(5) [AS 37.13.145(b)] during the current year;

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

8 (C) less the amount necessary to pay prior year dividends from
9 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
10 43.23.055(3) and (7);

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

15 (E) less appropriations from the dividend fund during the
16 current year, including amounts to pay costs of administering the dividend
17 program and the hold harmless provisions of AS 43.23.240;

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

21 (3) dividing the amount determined under (1) of this subsection by the
22 amount determined under (2) of this subsection.

23 * **Sec. 11.** AS 37.13.145(f) is repealed.

24 * **Sec. 12.** Section 5 of this Act takes effect on the effective date of sec. 2, ch. 16, SLA
25 2018.

26 * **Sec. 13.** Except as provided in sec. 12 of this Act, this Act takes effect July 1, 2020.