

HOUSE BILL NO. 306

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Introduced: 3/4/20

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; establishing a permanent fund dividend task force;**
3 **and providing for an effective date."**

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

5 * **Section 1.** AS 37.13.140(a) is amended to read:

6 (a) Net income of the fund includes income of the earnings reserve account
7 established under AS 37.13.145. Net income of the fund shall be computed annually
8 as of the last day of the fiscal year in accordance with generally accepted accounting
9 principles, excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
10 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND
11 FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST
12 ENDED, BUT MAY NOT EXCEED NET INCOME OF THE FUND FOR THE
13 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS
14 RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

1 * **Sec. 2.** AS 37.13.145(b) is amended to read:

2 (b) At the end of each fiscal year, the corporation shall transfer from the
3 earnings reserve account to the

4 (1) dividend fund established under AS 43.23.045, **20** [50] percent of
5 the **amount** [INCOME] available for **appropriation** [DISTRIBUTION] under
6 **AS 37.13.140(b); and**

7 **(2) general fund, 80 percent of the amount available for**
8 **appropriation under AS 37.13.140(b)** [AS 37.13.140].

9 * **Sec. 3.** AS 37.13.145(c) is amended to read:

10 (c) After the transfer under (b) [AND AN APPROPRIATION UNDER (e)] of
11 this section, the corporation shall transfer from the earnings reserve account to the
12 principal of the fund an amount sufficient to offset the effect of inflation on the
13 principal of the fund during that fiscal year. However, none of the amount transferred
14 shall be applied to increase the value of that portion of the principal attributed to the
15 settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First
16 Judicial District) on July 1, 2004. The corporation shall calculate the amount to
17 transfer to the principal under this subsection by

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

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

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

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

27 (d) Notwithstanding (b) of this section, income earned on money awarded in
28 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
29 Court, First Judicial District), including settlement, summary judgment, or adjustment
30 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
31 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** [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 shall be annually deposited into the Alaska capital income fund (AS 37.05.565).

* **Sec. 5.** 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. 6.** AS 37.13.145(f) is repealed.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PERMANENT FUND DIVIDEND TASK FORCE. (a) The permanent fund dividend task force is established, effective February 1, 2026, in the legislative branch of state government. The task force consists of seven voting members appointed as follows:

(1) the speaker of the house of representatives shall appoint three members from the house of representatives;

(2) the president of the senate shall appoint three members from the senate;

(3) the governor shall appoint one member.

(b) The members of the task force shall, by a majority vote, select a member who is a legislator to chair the task force. The staff of the members who are legislators shall serve as staff to the task force.

(c) The task force shall prepare a report. The report must include

(1) a review and evaluation of the permanent fund and the permanent fund dividend, including

(A) the economic, social, and fiscal impacts of the fund and the dividend;

(B) the effectiveness of current methods employed in statute to protect the permanent fund; and

1 (C) the sustainability of the permanent fund; and
2 (2) recommendations for a future sustainable permanent fund dividend
3 calculation.

4 (d) The task force shall submit the report described in (c) of this section to the senate
5 secretary and chief clerk of the house of representatives on or before September 30, 2026, and
6 shall notify the legislature that the report is available.

7 (e) The permanent fund dividend task force terminates on January 31, 2027.

8 * **Sec. 8.** This Act takes effect July 1, 2020.