

HOUSE BILL NO. 202

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE MERRICK

Introduced: 5/5/21

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska permanent fund; relating to dividends for state residents;**
2 **relating to the use of certain state income; and providing for an effective date."**

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

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

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

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

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

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

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

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

19 * **Sec. 3.** AS 37.13.145(d) is amended to read:

20 (d) Income [NOTWITHSTANDING (b) OF THIS SECTION, INCOME]
 21 earned on money awarded in or received as a result of State v. Amerada Hess, et al.,
 22 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement,
 23 summary judgment, or adjustment to a royalty-in-kind contract that is tied to the
 24 outcome of this case, or interest earned on the money, or on the earnings of the money
 25 shall be treated in the same manner as other income of the Alaska permanent fund,
 26 except that it is not available for appropriation [DISTRIBUTION TO THE
 27 DIVIDEND FUND, FOR TRANSFERS] to the principal under (c) of this section [.]
 28 or for an appropriation under (e) of this section, and shall be annually deposited into
 29 the Alaska capital income fund (AS 37.05.565).

30 * **Sec. 4.** AS 37.13.145(e) is amended to read:

31 (e) The legislature may not appropriate from the earnings reserve account [TO

1 THE GENERAL FUND] a total amount that exceeds the amount available for
 2 appropriation under AS 37.13.140(b) in a fiscal year.

3 * **Sec. 5.** AS 43.23.025(a) is amended to read:

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

6 (1) determining the total amount available for dividend payments,
 7 which equals

8 (A) the amount **appropriated** [OF INCOME OF THE
 9 ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund
 10 **established** under **AS 43.23.045** [AS 37.13.145(b)] during the current year;

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

14 (C) less the amount necessary to pay prior year dividends from
 15 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
 16 43.23.055(3) and (7);

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

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

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

27 (3) dividing the amount determined under (1) of this subsection by the
 28 amount determined under (2) of this subsection.

29 * **Sec. 6.** AS 43.23.028(a) is amended to read:

30 (a) By October 1 of each year, the commissioner shall give public notice of
 31 the value of each permanent fund dividend for that year and notice of the information

required to be disclosed under (3) of this subsection. In addition, the stub attached to each individual dividend disbursement advice must

(1) disclose the amount of each dividend attributable to **legislative appropriations** [INCOME EARNED BY THE PERMANENT FUND FROM DEPOSITS TO THAT FUND REQUIRED UNDER ART. IX, SEC. 15, CONSTITUTION OF THE STATE OF ALASKA];

(2) [DISCLOSE THE AMOUNT OF EACH DIVIDEND ATTRIBUTABLE TO INCOME EARNED BY THE PERMANENT FUND FROM APPROPRIATIONS TO THAT FUND AND FROM AMOUNTS ADDED TO THAT FUND TO OFFSET THE EFFECTS OF INFLATION];

(3)] disclose the amount by which each dividend has been reduced due to each appropriation from the dividend fund, including amounts to pay the costs of administering the dividend program and the hold harmless provisions of AS 43.23.240;

(3) [(4)] include a statement that an individual is not eligible for a dividend when

(A) during the qualifying year, the individual was convicted of a felony;

(B) during all or part of the qualifying year, the individual was incarcerated as a result of the conviction of a

(i) felony; or

(ii) misdemeanor if the individual has been convicted of a prior felony or two or more prior misdemeanors;

(4) [(5)] include a statement that the legislative purpose for making individuals listed under **(3)** [(4)] of this subsection ineligible is to

(A) provide funds for services for and payments to crime victims and operating costs of the Violent Crimes Compensation Board;

(B) provide funds to pay restitution owed to crime victims;

(C) provide funds for grants to nonprofit organizations for services for crime victims and for mental health services and substance abuse treatment for offenders;

1 (D) provide funds for the office of victims' rights;

2 (E) provide funds to the Council on Domestic Violence and
3 Sexual Assault for grants for the operation of domestic violence and sexual
4 assault programs; and

5 (F) obtain reimbursement for some of the costs imposed on the
6 Department of Corrections related to incarceration or probation of those
7 individuals;

8 (5) [(6)] disclose the total amount that would have been paid during the
9 previous fiscal year to individuals who were ineligible to receive dividends under
10 AS 43.23.005(d) if they had been eligible;

11 (6) [(7)] disclose the total amount transferred or appropriated for the
12 current fiscal year under AS 43.23.048 for each of the accounts, funds, and agencies
13 listed in AS 43.23.048.

14 * **Sec. 7.** AS 43.23.045 is amended by adding a new subsection to read:

15 (f) Each fiscal year, the legislature may appropriate to the dividend fund an
16 amount equal to 30 percent of all mineral lease rentals, royalties, royalty sale
17 proceeds, federal mineral revenue sharing payments, and bonuses received by the state
18 during that fiscal year.

19 * **Sec. 8.** AS 37.13.145(b) and 37.13.145(f) are repealed.

20 * **Sec. 9.** This Act takes effect July 1, 2021.