

HOUSE BILL NO. 4008

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY REPRESENTATIVE SNYDER

Introduced: 10/12/21

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to use of income of the Alaska permanent fund; relating to the amount**
2 **of the permanent fund dividend; relating to the duties of the commissioner of revenue;**
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 is amended to read:

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

(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. The amount available for appropriation may not exceed the balance in the earnings reserve account described in AS 37.13.145. 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).

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

(b) Each [AT THE END OF EACH] fiscal year, the legislature may appropriate [CORPORATION SHALL TRANSFER] from the earnings reserve account 50 percent of the amount available for appropriation under AS 37.13.140(b) to the general fund and 50 percent of the amount available for appropriation under AS 37.13.140(b) to the dividend fund established under AS 43.23.045. The legislature may reduce the amount appropriated to the dividend fund and increase the amount appropriated to the general fund under this subsection

(1) by the amount necessary to respond to a statewide disaster if the governor declares a condition of disaster emergency under AS 26.23.020; or

(2) by, if (A) of this paragraph is less than (B) of this paragraph, the difference between

(A) 50 percent of the amount available for appropriation under AS 37.13.140(b); and

(B) the average annual adjusted appropriations from the general fund for the first five of the preceding six fiscal years, including the fiscal year just ended, adjusted for the cumulative change in inflation and the cumulative change in the estimated population of the state each year; in this subparagraph,

(i) "annual adjusted appropriations from the

general fund" is equal to the operating, capital, and mental health appropriations from the unrestricted general fund each year less amounts collected as state revenue, grants, loans, money received from the federal government, appropriations for permanent fund dividends, and appropriations intended to offset the effect of inflation on the principal of the permanent fund that year;

(ii) "state revenue" does not include income of the permanent fund [, 50 PERCENT OF THE INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

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

(c) After the appropriations [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 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 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. 4.** AS 37.13.145(d) is amended to read:

(d) 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 may [IS] not **be included in the calculation of the amount** available for **appropriation 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 37.13.300(c) is amended to read:

(c) Net income from the mental health trust fund may not be included in the computation of net income **of the fund, the** [OR] market value **of the fund, or the amount** available for [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)** [AS 37.13.140].

* **Sec. 6.** AS 37.14.031(c) is amended to read:

(c) The net income of the fund shall be determined by the Alaska Permanent Fund Corporation **and shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses** [IN THE SAME MANNER THE CORPORATION DETERMINES THE NET INCOME OF THE ALASKA PERMANENT FUND UNDER AS 37.13.140].

* **Sec. 7.** 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, which equals

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

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

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

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

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

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

14 (3) dividing the amount determined under (1) of this subsection by the
15 amount determined under (2) of this subsection.

16 * **Sec. 8.** AS 37.13.145(e) and 37.13.145(f) are repealed.

17 * **Sec. 9.** This Act takes effect July 1, 2022.