

**SENATE BILL NO. 4002**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY SENATOR KIEHL

Introduced: 10/19/21

Referred:

**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.]

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

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

12 (b) **Except as provided in (g) of this section,** [AT THE END OF] each fiscal  
 13 year, the **legislature may appropriate** [CORPORATION SHALL TRANSFER] from  
 14 the earnings reserve account to the dividend fund established under AS 43.23.045, **the**  
 15 **amount necessary to distribute the following amounts for permanent fund**  
 16 **dividends to each eligible individual for each of the following fiscal years:**

17 **(1) \$1,100 in fiscal year 2022;**

18 **(2) \$1,500 in fiscal year 2023;**

19 **(3) \$2,000 in fiscal year 2024; and**

20 **(4) \$2,250 in fiscal year 2025** [50 PERCENT OF THE INCOME

21 AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

22 \* **Sec. 3.** AS 37.13.145(b), as amended by sec. 2 of this Act, is amended to read:

23 (b) **Each** [EXCEPT AS PROVIDED IN (g) OF THIS SECTION, EACH]  
 24 fiscal year, the legislature may appropriate from the earnings reserve account to the

25 **(1) dividend fund established under AS 43.23.045, 50 percent of the**  
 26 **amount available for appropriation under AS 37.13.140(b); and**

27 **(2) general fund, 50 percent of the amount available for**  
 28 **appropriation under AS 37.13.140(b)** [THE AMOUNT NECESSARY TO  
 29 DISTRIBUTE THE FOLLOWING AMOUNTS FOR PERMANENT FUND  
 30 DIVIDENDS TO EACH ELIGIBLE INDIVIDUAL FOR EACH OF THE  
 31 FOLLOWING FISCAL YEARS:

- 1 (1) \$1,100 IN FISCAL YEAR 2022;
- 2 (2) \$1,500 IN FISCAL YEAR 2023;
- 3 (3) \$2,000 IN FISCAL YEAR 2024; AND
- 4 (4) \$2,250 IN FISCAL YEAR 2025].

5 \* **Sec. 4.** AS 37.13.145(c) is amended to read:

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

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

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

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

22 \* **Sec. 5.** AS 37.13.145(c), as amended by sec. 4 of this Act, is amended to read:

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

1 under this subsection by

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

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

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

10 \* **Sec. 6.** AS 37.13.145(d) is amended to read:

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

22 \* **Sec. 7.** AS 37.13.145(f) is amended to read:

23 (f) The combined total of the **appropriations** [TRANSFER] under (b) [OF  
24 THIS SECTION] and [AN APPROPRIATION UNDER] (e) of this section may not  
25 exceed the amount available for appropriation under AS 37.13.140(b).

26 \* **Sec. 8.** AS 37.13.145 is amended by adding a new subsection to read:

27 (g) The amount appropriated for permanent fund dividends each year under  
28 (b) of this section may be reduced if the amount necessary to distribute the dividends  
29 for that year exceeds the amount available for appropriation under AS 37.13.140(b).

30 \* **Sec. 9.** AS 37.13.300(c) is amended to read:

31 (c) Net income from the mental health trust fund may not be included in the

1 computation of net income **of the fund, the** [OR] market value **of the fund, or the**  
 2 **amount** available for [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)**  
 3 [AS 37.13.140].

4 \* **Sec. 10.** AS 37.14.031(c) is amended to read:

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

11 \* **Sec. 11.** AS 43.23.025(a) is amended to read:

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

14 (1) determining the total amount available for dividend payments,  
 15 which equals

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

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

22 (C) less the amount necessary to pay prior year dividends from  
 23 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and  
 24 43.23.055(3) and (7);

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

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

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

4                   (3) dividing the amount determined under (1) of this subsection by the  
5                   amount determined under (2) of this subsection.

6       \* **Sec. 12.** AS 37.13.145(e), 37.13.145(f), and 37.13.145(g) are repealed.

7       \* **Sec. 13.** Sections 2, 4, 7, 8, and 11 of this Act take effect immediately under  
8 AS 01.10.070(c).

9       \* **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2025.