

AMENDMENT # 1

OFFERED IN THE SENATE  
TO: CSSB 107(FIN)

BY SENATOR HUGHES

1 Page 1, following line 5:

2 Insert a new bill section to read:

3 **\*\* Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
4 to read:

5 LEGISLATIVE INTENT. It is the intent of the legislature to

6 (1) implement the recommendations of the 2021 Comprehensive Fiscal  
7 Plan Working Group;

8 (2) harmonize the calculation under AS 37.13.140(a) of net income  
9 available for distribution and net income available for appropriation under  
10 AS 37.13.140(b);

11 (3) temporarily change the mechanism used to draw money from the  
12 earnings reserve account to leverage the unprecedented earnings currently available in  
13 the account, so that the legislature has adequate time to debate, analyze, and  
14 implement the revenue measures and cost reductions required for the long-term  
15 financial stability of the state;

16 (4) reverse the changes made by this Act if the recommendations of the  
17 2021 Comprehensive Fiscal Plan Working Group are not adopted and implemented in  
18 their entirety."

19

20 Page 1, line 6:

21 Delete "**Section 1**"

22 Insert "**Sec. 2**"

23

1 Renumber the following bill sections accordingly.

2

3 Page 2, lines 13 - 26:

4

Delete all material and insert:

5

"\* **Sec. 3.** AS 37.13.140, as amended by sec. 2 of this Act, 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

8

shall be computed annually as of the last day of the fiscal year in accordance with

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generally accepted accounting principles, excluding any unrealized gains or losses.

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Income available for distribution equals 21 percent of the net income of the fund

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for the last five fiscal years, including the fiscal year just ended, but may not

12

exceed net income of the fund for the fiscal year just ended plus the balance in

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the earnings reserve account described in AS 37.13.145.

14

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

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each year. The amount available for appropriation is five percent of the average

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market value of the fund for the first five of the preceding six fiscal years, including

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the fiscal year just ended, computed annually for each fiscal year in accordance with

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generally accepted accounting principles. [THE AMOUNT AVAILABLE FOR

19

APPROPRIATION MAY NOT EXCEED THE BALANCE IN THE EARNINGS

20

RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.] In this subsection, "average

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market value of the fund" includes the balance of the earnings reserve account

22

established under AS 37.13.145, but does not include that portion of the principal

23

attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ.

24

(Superior Court, First Judicial District).

25

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

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(b) Each [AT THE END OF EACH] fiscal year, the legislature may

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appropriate [CORPORATION SHALL TRANSFER] from the earnings reserve

28

account to the

29

(1) dividend fund established under AS 43.23.045, not less than 50

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percent of the amount [INCOME] available for appropriation [DISTRIBUTION]

31

under AS 37.13.140(b); and

1                   **(2) general fund, up to 50 percent of the amount available for**  
 2                   **appropriation under AS 37.13.140(b)** [AS 37.13.140].

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

4                   (b) **At the end of each** [EACH] fiscal year, the **corporation shall transfer**  
 5                   [LEGISLATURE MAY APPROPRIATE] from the earnings reserve account to the  
 6                   [(1)] dividend fund established under AS 43.23.045, [NOT LESS  
 7                   THAN] 50 percent of the **income** [AMOUNT] available for **distribution**  
 8                   [APPROPRIATION] under **AS 37.13.140** [AS 37.13.140(b); AND

9                   (2) GENERAL FUND, UP TO 50 PERCENT OF THE AMOUNT  
 10                   AVAILABLE FOR APPROPRIATION UNDER AS 37.13.140(b)]."

11  
 12   Renumber the following bill sections accordingly.

13  
 14   Page 3, following line 14:

15                   Insert a new bill section to read:

16   \*\* **Sec. 7.** AS 37.13.145(c), as amended by sec. 6 of this Act, is amended to read:

17                   (c) After the **transfer** [APPROPRIATIONS] under (b) **and an appropriation**  
 18                   **under (g)** of this section, the **corporation shall transfer** [LEGISLATURE MAY  
 19                   APPROPRIATE] from the earnings reserve account to the principal of the fund an  
 20                   amount sufficient to offset the effect of inflation on the principal of the fund during  
 21                   that fiscal year. However, none of the amount **transferred** [APPROPRIATED] shall  
 22                   be applied to increase the value of that portion of the principal attributed to the  
 23                   settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First  
 24                   Judicial District) on July 1, 2004. The corporation shall calculate the amount to  
 25                   **transfer** [APPROPRIATE] to the principal under this subsection by

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

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

30                   (3) applying that rate to the value of the principal of the fund on the  
 31                   last day of the fiscal year just ended, including that portion of the principal attributed

1 to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court,  
2 First Judicial District)."

3  
4 Renumber the following bill sections accordingly.

5  
6 Page 3, line 22:

7 Delete "general fund or the"

8  
9 Page 3, line 23:

10 Delete "(b) of this section or [,] for an appropriation ["

11 Insert "AS 37.13.140(b) or [, FOR"

12  
13 Page 3, following line 26:

14 Insert new bill sections to read:

15 "**\* Sec. 9.** AS 37.13.145(d), as amended by sec. 8 of this Act, is amended to read:

16 (d) Notwithstanding (b) of this section, income earned on money awarded in  
17 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior  
18 Court, First Judicial District), including settlement, summary judgment, or adjustment  
19 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned  
20 on the money, or on the earnings of the money shall be treated in the same manner as  
21 other income of the Alaska permanent fund, except that it is not available for  
22 distribution [APPROPRIATION] to the dividend fund, for transfers [UNDER  
23 AS 37.13.140(b) OR] to the principal under (c) of this section, or for an  
24 appropriation under (g) of this section, and shall be annually deposited into the  
25 Alaska capital income fund (AS 37.05.565).

26 **\* Sec. 10.** AS 37.13.145 is amended by adding new subsections to read:

27 (g) The legislature may not appropriate from the earnings reserve account to  
28 the general fund a total amount that exceeds the amount available for appropriation  
29 under AS 37.13.140(b) in a fiscal year.

30 (h) The combined total of the transfer under (b) of this section and an  
31 appropriation under (g) of this section may not exceed the amount available for

1 appropriation under AS 37.13.140(b)."

2

3 Renumber the following bill sections accordingly.

4

5 Page 3, following line 30:

6 Insert a new bill section to read:

7 **"\* Sec. 12.** AS 37.13.300(c), as amended by sec. 11 of this Act, is amended to read:

8 (c) Net income from the mental health trust fund may not be included in the  
9 computation of net income or market value [THE AMOUNT] available for  
10 distribution or appropriation under AS 37.13.140 [AS 37.13.140(b)]."

11

12 Renumber the following bill sections accordingly.

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14 Page 4, following line 25:

15 Insert a new bill section to read:

16 **"\* Sec. 14.** AS 43.23.025(a), as amended by sec. 13 of this Act, is amended to read:

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

19 (1) determining the total amount available for dividend payments,  
20 which equals

21 (A) the amount of income of the Alaska permanent fund  
22 transferred [APPROPRIATED] to the dividend fund under AS 37.13.145(b)  
23 during the current year;

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

27 (C) less the amount necessary to pay prior year dividends from  
28 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and  
29 43.23.055(3) and (7);

30 (D) less the amount necessary to pay dividends from the  
31 dividend fund due to eligible applicants who, as determined by the department,

1 filed for a previous year's dividend by the filing deadline but who were not  
2 included in a previous year's dividend computation;

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

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

9 (3) dividing the amount determined under (1) of this subsection by the  
10 amount determined under (2) of this subsection."  
11

12 Renumber the following bill sections accordingly.  
13

14 Page 4, line 27, through page 6, line 7:

15 Delete all material and insert:

16 **"\* Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 **USE OF THE EARNINGS RESERVE ACCOUNT.** For the fiscal years ending  
19 June 30, 2023, and June 30, 2024, in addition to the amount available for appropriation  
20 calculated under AS 37.13.140(b), the legislature may appropriate from the earnings reserve  
21 account to the general fund an additional 1.5 percent of the average market value of the fund  
22 for the first five of the preceding six fiscal years, including the fiscal year just ended,  
23 computed annually for each fiscal year in accordance with generally accepted accounting  
24 principles. In this section, "average market value of the fund" has the meaning given in  
25 AS 37.13.140(b).

26 **\* Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 **CONDITIONAL EFFECT.** (a) Sections 3, 5, 7, 9, 10, 12, and 14 of this Act take  
29 effect unless, by November 30, 2024,

30 (1) the voters have approved a resolution that appears on a statewide election  
31 ballot that amends the Constitution of the State of Alaska to

1 (A) specify that the amount that may be appropriated from the Alaska  
2 permanent fund is a draw based on the average fiscal-year-end market value of the  
3 permanent fund;

4 (B) require deposit of the unencumbered balance of the earnings  
5 reserve account established under AS 37.13.145 into the Alaska permanent fund to  
6 become part of the principal of the fund;

7 (C) require that an annual permanent fund dividend be paid in an  
8 amount determined by a formula in statute; and

9 (D) require that an amendment to the statute setting out the formula of  
10 the amount of the permanent fund dividend be approved by the voters before taking  
11 effect;

12 (2) revenue laws anticipated to generate at least an estimated \$500,000,000 of  
13 new revenue each year have been passed by the Thirty-Third Alaska State Legislature and  
14 enacted into law; and

15 (3) the legislature passes a resolution proposing an amendment to art. IX, sec.  
16 16, Constitution of the State of Alaska, amending the appropriation limit and adjusting the  
17 appropriation limit by an economic indicator.

18 (b) The commissioner of revenue shall notify the revisor of statutes of whether, before  
19 November 30, 2024, revenue laws anticipated to generate at least an estimated \$500,000,000  
20 of new revenue each year have been passed by the Thirty-Third Alaska State Legislature and  
21 enacted into law.

22 \* **Sec. 18.** If, under sec. 17 of this Act, secs. 3, 5, 7, 9, 10, 12, and 14 of this Act take effect,  
23 they take effect July 1, 2025.

24 \* **Sec. 19.** Except as provided in sec. 18 of this Act, this Act takes effect immediately under  
25 AS 01.10.070(c)."