

HOUSE BILL NO. 222

IN THE LEGISLATURE OF THE STATE OF ALASKA
 THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES SUMNER, Fields

Introduced: 1/16/24

Referred: Resources, Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska permanent fund and the income and investments of the
 2 fund; relating to the permanent fund dividend; and providing for an effective date."

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

4 * **Section 1.** AS 37.13.120 is amended by adding a new subsection to read:

5 (f) Notwithstanding (a) and (c) of this section, the board shall invest the fund
 6 assets to achieve a 25 percent ownership share of a natural gas pipeline originating on
 7 the North Slope. In this subsection, "natural gas pipeline" has the meaning given in
 8 AS 31.25.390.

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

10 (b) **Each** [AT THE END OF EACH] fiscal year, the **legislature may**
 11 **appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve
 12 account to the dividend fund established under AS 43.23.045, **the amount necessary**
 13 **to distribute a dividend of up to \$1,000 to each eligible individual** [50 PERCENT
 14 OF THE INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

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

2 (b) Each fiscal year, the legislature may appropriate from the earnings reserve
3 account to the dividend fund established under AS 43.23.045, **50 percent of the**
4 **income available for distribution under AS 37.13.140** [THE AMOUNT
5 NECESSARY TO DISTRIBUTE A DIVIDEND OF UP TO \$1,000 TO EACH
6 ELIGIBLE INDIVIDUAL].

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

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

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

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

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

25 * **Sec. 5.** AS 37.13.145(d) is amended to read:

26 (d) Notwithstanding (b) of this section, income earned on money awarded in
27 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
28 Court, First Judicial District), including settlement, summary judgment, or adjustment
29 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
30 on the money, or on the earnings of the money shall be treated in the same manner as
31 other income of the Alaska permanent fund, except that it is not available for

1 **appropriation** [DISTRIBUTION] to the dividend fund **under (b) of this section**, for
 2 **an appropriation** [TRANSFERS] to the principal under (c) of this section, or for an
 3 appropriation under (e) of this section, and shall be annually deposited into the Alaska
 4 capital income fund (AS 37.05.565).

5 * **Sec. 6.** AS 37.13.300(b) is amended to read:

6 (b) The corporation shall

7 (1) hold and invest the mental health trust fund subject to
 8 AS 37.13.120, **except that it may not be used for an investment described in**
 9 **AS 37.13.120(f)**;

10 (2) at least quarterly, prepare, publish, and distribute to the Board of
 11 Trustees of the Alaska Mental Health Trust Authority a financial report showing
 12 investment revenue and expenditures, including the allocation of the cash assets of the
 13 mental health trust fund among investments;

14 (3) annually prepare, publish, and distribute to the Board of Trustees of
 15 the Alaska Mental Health Trust Authority financial statements prepared in accordance
 16 with generally accepted accounting principles consistently applied, and an audit report
 17 prepared by a certified public accountant;

18 (4) periodically advise the Board of Trustees of the Alaska Mental
 19 Health Trust Authority when revisions to long-range investment policy, including
 20 asset allocation changes, are contemplated, and provide an opportunity for
 21 consultation and comment on the changes before they are implemented; and

22 (5) transfer to the mental health trust settlement income account the net
 23 income available for distribution attributable to the mental health trust fund at the end
 24 of each fiscal year.

25 * **Sec. 7.** AS 37.13.300(c) is amended to read:

26 (c) Net income from the mental health trust fund may not be included in the
 27 computation of **the amount** [NET INCOME OR MARKET VALUE] available for
 28 [DISTRIBUTION OR] appropriation under **AS 37.13.140(b)** [AS 37.13.140].

29 * **Sec. 8.** AS 43.23.025(a) is amended to read:

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

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

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

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

9 (C) less the amount necessary to pay prior year dividends from
10 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
11 43.23.055(3) and (7);

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

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

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

22 (3) dividing the amount determined under (1) of this subsection by the
23 amount determined under (2) of this subsection.

24 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 **CONDITIONAL EFFECT.** (a) Sections 2 and 4 - 8 of the Act take effect only if,
27 before January 1, 2034, construction on a natural gas pipeline originating on the North Slope
28 has begun.

29 (b) Section 3 of this Act takes effect only if,

30 (1) before January 1, 2034, a natural gas pipeline originating on the North
31 Slope is completed; and

1 (2) the pipeline described in (1) of this subsection has at least 25 percent of its
2 ownership share held by Alaska permanent fund assets.

3 (c) On December 1 of each year, beginning in 2024 and ending in 2034, the
4 commissioner of natural resources shall notify the revisor of statutes whether

5 (1) construction on a natural gas pipeline originating on the North Slope has
6 begun;

7 (2) a natural gas pipeline originating on the North Slope is completed.

8 (d) In this section, "natural gas pipeline" has the meaning given in AS 31.25.390.

9 * **Sec. 10.** If secs. 2 and 4 - 8 of this Act take effect, they take effect July 1 of the calendar
10 year after the commissioner of natural resources determines that construction of a natural gas
11 pipeline originating on the North Slope, as defined in sec. 9(d) of this Act, has begun.

12 * **Sec. 11.** If sec. 3 of this Act takes effect, it takes effect July 1 of the calendar year after the
13 commissioner of natural resources determines that a natural gas pipeline originating on the
14 North Slope, as defined in sec. 9(d) of this Act, is completed.

15 * **Sec. 12.** Except as provided in secs. 10 and 11 of this Act, this Act takes effect July 1,
16 2024.