

Introduced: 4/4/83
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 316

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the determination and disposition
7 of Alaska permanent fund income; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. LEGISLATIVE FINDINGS. The Alaska Legislature finds that
11 the best way to provide direct benefits to the people of Alaska from the
12 income of the Alaska permanent fund is to reinvest a portion of the income
13 as principal of the fund and to appropriate from the income of the fund for
14 programs which provide direct cash payments to municipalities and to older
15 Alaskans, and to reserve the balance of the fund income in an Alaska in-
16 vestment fund to be available for appropriation for large capital projects
17 of statewide benefit. This method of distribution will both mitigate the
18 effects of inflation on the value of fund principal and promote strong
19 public interest in the continued prudent investment of the Alaska permanent
20 fund. The legislature finds that this method of distribution will be
21 superior to a direct cash distribution to individuals in serving the pur-
22 poses for which the original cash dividend program was adopted, and finds
23 further that the appropriations made to implement this Act constitute ap-
24 propriations for Alaska permanent fund dividends within the meaning of art.
25 IX, sec. 16, of the Alaska Constitution.

26 * Sec. 2. AS 37.13.140 is amended to read:

27 Sec. 37.13.140. NET INCOME. Net income of the corporation must
28 be computed annually as of the last day of the fiscal year in accor-
29 dance with generally accepted accounting principles, excluding any

1 unrealized gains or losses. Income received during a fiscal year is
2 available for transfer or appropriation in following fiscal years, as
3 provided in AS 37.13.145. [INCOME AVAILABLE FOR DISTRIBUTION EQUALS
4 THE AVERAGE NET INCOME OF THE CORPORATION FOR THE LAST FIVE FISCAL
5 YEARS, INCLUDING THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED NET
6 INCOME OF THE CORPORATION FOR THE FISCAL YEAR JUST ENDED PLUS THE
7 BALANCE IN THE UNDISTRIBUTED INCOME ACCOUNT DESCRIBED IN AS 37.13.-
8 145.]

9 * Sec. 3. AS 37.13.145 is amended to read:

10 Sec. 37.13.145. DISPOSITION OF INCOME. As soon as possible
11 after [AT] the end of each fiscal year, an amount equal to 25 percent
12 of the [SUFFICIENT TO OFFSET THE EFFECT OF INFLATION ON PRINCIPAL OF
13 THE ALASKA PERMANENT FUND DURING THAT YEAR, AS MEASURED BY A NATION-
14 ALLY RECOGNIZED INDEX, SHALL BE TRANSFERRED FROM] net income for the
15 fiscal year just ended as computed under [AS DEFINED IN] AS 37.13.140
16 shall be transferred [, EXCLUDING INCOME ON THE UNDISTRIBUTED INCOME
17 ACCOUNT IN THE ALASKA PERMANENT FUND,] to the principal of the Alaska
18 permanent fund for reinvestment. As soon as possible after the end of
19 each fiscal year, an amount which is appropriated for the purpose of
20 assistance to municipalities and is approximately equal to 35 percent
21 of the net income for the fiscal year just ended shall be transferred
22 to the general fund and disbursed as provided by law. As soon as
23 possible after the end of each fiscal year, an amount which is
24 appropriated for the purpose of the longevity bonus program or other
25 program providing for cash distributions to older Alaskans shall be
26 transferred from income received during the fiscal year just ended to
27 the general fund and disbursed as provided by law. [THE BALANCE OF
28 THE NET INCOME AS DEFINED IN AS 37.13.140 SHALL BE TRANSFERRED TO THE
29 UNDISTRIBUTED INCOME ACCOUNT IN THE ALASKA PERMANENT FUND. MONEY IN

1 THE UNDISTRIBUTED INCOME ACCOUNT SHALL BE INVESTED IN INVESTMENTS
2 AUTHORIZED UNDER AS 37.13.120. INCOME FROM THE INVESTMENT OF THE
3 UNDISTRIBUTED INCOME ACCOUNT SHALL BE TREATED AS AN ADDITION TO THAT
4 ACCOUNT.]

5 * Sec. 4. AS 37.13 is amended by adding a new section to read:

6 Sec. 37.13.146. ALASKA INVESTMENT FUND. There is established an
7 Alaska Investment Fund to be managed by the Alaska Permanent Fund
8 Corporation. As soon as possible after the end of each fiscal year,
9 the balance of the net income for that fiscal year, computed under AS
10 37.13.140, which is not reinvested as principal of the permanent fund,
11 or transferred to the general fund by appropriation, shall be trans-
12 ferred to the Alaska investment fund. Money in the investment fund
13 shall be invested in investments authorized under AS 37.13.120. Money
14 which is transferred to the investment fund as provided in this sec-
15 tion, or received as income from the investment of the fund, or depos-
16 ited in the fund by appropriation, remains in the investment fund
17 until it is appropriated by the legislature.

18 * Sec. 5. AS 43.23 is repealed.

19 * Sec. 6. No 1983 permanent fund dividend payment may be made under
20 AS 43.23 on or after the effective date of this Act.

21 * Sec. 7. This Act does not affect the right of any person to receive a
22 1982 permanent fund dividend or the liability of any person under AS 43.23
23 in connection with the 1982 permanent fund dividend distribution.

24 * Sec. 8. All money which on June 30, 1983 is credited to the undistri-
25 buted income account established under sec. 9, ch. 81, SLA 1982 or to the
26 permanent fund dividend fund established under AS 43.23.045 shall be trans-
27 ferred to the Alaska investment fund established in sec. 4 of this Act.

28 * Sec. 9. TRANSITION. The commissioner of revenue shall transfer from
29 the undistributed income account to the general fund the amounts necessary

1 to fund appropriations for assistance to municipalities and for the longev-
2 ity bonus program in fiscal year 1984. The commissioner shall transfer to
3 the principal of the permanent fund for reinvestment an amount equal to
4 one-half of the income available for distribution as defined in AS
5 37.13.140 before amendment by sec. 2 of this Act and earned in fiscal year
6 1983.

7 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
8 10.070(c).