

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 407

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the school account in the Alaska  
7 permanent fund; and providing for an effective date."

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

9 \* Section 1. FINDINGS AND PURPOSE. Recent reductions in state spending  
10 on education in Alaska have contributed to financial problems in Alaska's  
11 public school system. The spending reductions were caused by a severe  
12 downturn in the state's economy. A high quality public education system is  
13 too important to be dependent on the uncertainties of economic cycles. For  
14 these reasons, the legislature is establishing the school account to pro-  
15 vide a new and stable source of money for public schools in Alaska.

16 \* Sec. 2. AS 37.13 is amended by adding a new section to read:

17 Sec. 37.13.146. SCHOOL ACCOUNT. There is established, as an  
18 account in the principal of the Alaska permanent fund, the school  
19 account. The school account consists of amounts allocated to the  
20 account by operation of law. Money in the school account must be  
21 invested by the board in investments authorized in AS 37.13.120. Net  
22 income of the school account is computed annually on the last day of  
23 the fiscal year in the same manner that net income of the corporation  
24 is computed. The annual net income of the school account may be  
25 appropriated by the legislature and is not included in the computation  
26 of net income available for distribution under AS 37.13.140. Net  
27 income of the school account that is not appropriated by the legisla-  
28 ture must be transferred to the principal of the school account for  
29 reinvestment at the end of each fiscal year.

1 \* Sec. 3. For fiscal years 1988 and 1989, all net income transferred to  
2 the principal of the Alaska permanent fund under AS 37.13.145 for reinvest-  
3 ment is allocated to the school account established in AS 37.13.146. The  
4 net income that accrues between June 30, 1988 and January 31, 1989 on the  
5 amount to be allocated to the school account is considered part of the net  
6 income of the school account.

7 \* Sec. 4. AS 37.13.140 is amended to read:

8 Sec. 37.13.140. INCOME. Net income of the corporation shall be  
9 computed annually as of the last day of the fiscal year in accordance  
10 with generally accepted accounting principles, excluding any unreal-  
11 ized gains or losses. Income available for distribution equals 21  
12 percent of the net income of the corporation for the last five fiscal  
13 years, including the fiscal year just ended, but may not exceed net  
14 income of the corporation for the fiscal year just ended plus the  
15 balance in the earnings reserve account described in AS 37.13.145.  
16 The annual net income of the school account established in AS 37.-  
17 13.146 is not included in the computation of net income available for  
18 distribution.

19 \* Sec. 5. The lieutenant governor shall place before the qualified  
20 voters of the state at the 1988 general election an advisory question  
21 similar to the following:

22 QUESTION

23 In 1988 the legislature established the school account in  
24 the principal of the Alaska permanent fund. Part of the income  
25 from the permanent fund in fiscal years 1988 and 1989, after  
26 payment of permanent fund dividends, will be allocated to the  
27 school account. Earnings from the school account will provide a  
28 new and stable source of income for the public school system in  
29 Alaska. The permanent fund dividends will continue to grow

1 larger, but not quite as rapidly. For example, the estimated  
2 dividend in 1989 would be about \$833.87 without the school  
3 account; it would be about \$828.06 if the school account were  
4 established. Do you agree that the legislature should have  
5 established the school account?

6 Yes [ ] No [ ]

7 \* Sec. 6. Sections 1 -- 4 of this Act take effect January 31, 1989.

8 \* Sec. 7. Section 5 of this Act takes effect immediately under AS 01.-  
9 10.070(c).