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Referred: State Affairs
and Finance

6-0768A

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 249

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to income from the permanent fund."

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

8 * Section 1. AS 37.13.140 is amended to read:

9 Sec. 37.13.140. INCOME. (a) Real [NET] income of the corpora-
10 tion shall be computed annually as of the last day of the fiscal year
11 in accordance with generally accepted accounting principles, excluding

12 (1) any unrealized gains or losses; and

13 (2) an amount determined by the corporation to be suffi-
14 cient to offset the effect of inflation on principal of the Alaska
15 permanent fund during that year, as measured by the change in the
16 calendar year average United States consumer price index for all urban
17 consumers, multiplied by the average principal balance of the fund
18 during that year.

19 (b) The amount calculated under (a)(2) of this section shall be
20 treated as a return of capital to the principal of the permanent fund
21 and shall be transferred by the corporation to the principal of the
22 permanent fund.

23 (c) Income available for distribution equals 21 percent of the
24 real [NET] income of the corporation for the last five fiscal years,
25 including the fiscal year just ended, but may not exceed real [NET]
26 income of the corporation for the fiscal year just ended plus the
27 balance in the earnings reserve account described in AS 37.13.145.
28 For years in which real income was not calculated, net income shall be
29 used for purposes of determining the income available for

1 distribution.

2 * Sec. 2. AS 37.13.145 is amended to read:

3 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each
4 fiscal year, [AN AMOUNT SUFFICIENT TO OFFSET THE EFFECT OF INFLATION
5 ON PRINCIPAL OF THE ALASKA PERMANENT FUND DURING THAT YEAR, AS
6 MEASURED BY THE CHANGE IN THE CALENDAR YEAR AVERAGE UNITED STATES
7 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS SHALL BE TRANSFERRED FROM
8 NET INCOME AS DEFINED IN AS 37.13.140, EXCLUDING INCOME ON THE EARN-
9 INGS RESERVE ACCOUNT IN THE ALASKA PERMANENT FUND, TO THE PRINCIPAL OF
10 THE ALASKA PERMANENT FUND FOR REINVESTMENT. THE BALANCE OF] the
11 income available for distribution under AS 37.13.140 shall be trans-
12 ferred by the corporation to the earnings reserve account in the
13 Alaska permanent fund. Money in the earnings reserve account shall be
14 invested in investments authorized under AS 37.13.120. Income from
15 the investment of the earnings reserve account shall be treated as an
16 addition to that account.

17 * Sec. 3. AS 43.23.045(b) is amended to read:

18 (b) Notwithstanding any contrary provision of law, each year the
19 commissioner shall transfer to the dividend fund 50 percent of the
20 income of the Alaska permanent fund earned during the fiscal year
21 ending on June 30 of the current year and available for distribution
22 under AS 37.13.140(c).

23 * Sec. 4. MINIMUM AMOUNT OF DIVIDENDS. If the commissioner of revenue
24 determines that the amount of a permanent fund dividend for a year before
25 1995 will be less than \$750, the commissioner shall notify the Alaska
26 Permanent Fund Corporation. Notwithstanding AS 37.13.145, the corporation
27 shall transfer from the real income calculated under AS 37.13.140 to the
28 dividend fund the amount needed to ensure that the dividend for that year
29 equals \$750. If the amount of real income is insufficient for this pur-

1 pose, the corporation shall transfer from the earnings reserve account the
2 additional amount needed to ensure that the dividend equals \$750, or the
3 balance in the account, whichever is less.