

Offered: 4/26/89
Referred: Finance

6-0768J

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 249 (State Affairs)
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 and providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 37.13.140 is amended to read:
10 Sec. 37.13.140. INCOME. Net income of the Alaska permanent fund
11 [CORPORATION] shall be computed annually as of the last day of the
12 fiscal year in accordance with generally accepted accounting princi-
13 ples, excluding any unrealized gains or losses. The net income shall
14 be transferred by the permanent fund on the last day of the fiscal
15 year to the earnings reserve account. The amount of net income trans-
16 ferred to the earnings reserve account minus the amount transferred
17 from that account under AS 37.13.145(a) to the principal of the perma-
18 nent fund equals the real income of the permanent fund [INCOME AVAIL-
19 ABLE FOR DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE
20 CORPORATION FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR
21 JUST ENDED, BUT MAY NOT EXCEED NET INCOME OF THE CORPORATION FOR THE
22 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS RESERVE
23 ACCOUNT DESCRIBED IN AS 37.13.145].
24 * Sec. 2. AS 37.13.145 is amended to read:
25 Sec. 37.13.145. DISPOSITION OF INCOME. (a) The earnings re-
26 serve account is established as a separate account in the Alaska
27 permanent fund. At the end of each fiscal year, an amount equal to
28 the average [SUFFICIENT TO OFFSET THE EFFECT OF INFLATION ON] princi-
29 pal of the Alaska permanent fund for the current year multiplied

1 [DURING THAT YEAR, AS MEASURED] by the average percentage change in
2 the two preceding calendar year's averages of the [YEAR AVERAGE]
3 United States Consumer Price Index for all urban consumers shall be
4 transferred by the corporation from [NET INCOME AS DEFINED IN AS 37.-
5 13.140, EXCLUDING INCOME ON] the earnings reserve account [IN THE
6 ALASKA PERMANENT FUND,] to the principal of the [ALASKA] permanent
7 fund. If the amount in the account is not sufficient to fully fund
8 the transfer under this subsection, only the balance in the account
9 shall be transferred [FOR REINVESTMENT. THE BALANCE OF THE INCOME
10 AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140 SHALL BE TRANSFERRED TO
11 THE EARNINGS RESERVE ACCOUNT IN THE ALASKA PERMANENT FUND].

12 (b) Money in the earnings reserve account shall be invested in
13 investments authorized under AS 37.13.120. Income from the investment
14 of the earnings reserve account shall be treated as net income of the
15 Alaska permanent fund [AN ADDITION TO THAT ACCOUNT].

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

17 (b) By September 25 of [NOTWITHSTANDING ANY CONTRARY PROVISION
18 OF LAW,] each year the Alaska Permanent Fund Corporation [COMMISSION-
19 ER] shall transfer from the earnings reserve account (AS 37.13.145) to
20 the dividend fund an amount equal to 10.5 [50] percent of the real
21 income of the Alaska permanent fund calculated under AS 37.13.140 for
22 [EARNED DURING] the last five fiscal years. If the commissioner of
23 revenue determines that the amount of a permanent fund dividend for a
24 year will be less than \$827, the corporation shall transfer from the
25 earnings reserve account to the dividend fund the additional amount
26 needed to ensure that the dividend for that year equals \$827. If the
27 amount in the earnings reserve account is not sufficient to fully fund
28 the transfer under this subsection, only the balance in the account
29 shall be transferred [YEAR ENDING ON JUNE 30 OF THE CURRENT YEAR AND

1 **AVAILABLE FOR DISTRIBUTION].**

2 *** Sec. 4. This Act takes effect immediately under AS 01.10.070(c).**