

Offered: 4/23/90  
Referred: Rules

6-0768D

Original sponsor(s): Finance Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 249 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND 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) For reporting purposes, the corporation may compute net  
24 income by any method that accords with generally accepted accounting  
25 principles.  
26 (d) Income available for distribution equals 21 percent of the  
27 real [NET] income of the corporation for the last five fiscal years,  
28 including the fiscal year just ended, but may not exceed real [NET]  
29 income of the corporation for the fiscal year just ended plus the

1 balance in the earnings reserve account described in AS 37.13.145.  
2 For years in which real income was not calculated, net income shall be  
3 used for purposes of determining the income available for distribu-  
4 tion.

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

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

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

21 (b) Notwithstanding any contrary provision of law, each year the  
22 Alaska Permanent Fund Corporation [COMMISSIONER] shall transfer to the  
23 dividend fund 50 percent of the income of the Alaska permanent fund  
24 earned during the fiscal year ending on June 30 of the current year  
25 and available for distribution under AS 37.13.140(d). However, income  
26 earned on money awarded after trial in State v. Amerada Hess, et al.,  
27 1JU-77-847 Civ. (Superior Court, First Judicial District) shall be  
28 treated in the same manner as other income of the Alaska permanent  
29 fund, except that it is not available for distribution to the dividend

1 fund, and shall be annually deposited into the principal of the Alaska  
2 permanent fund. If the commissioner of revenue determines that the  
3 amount of a permanent fund dividend will be less than \$873, the com-  
4 missioner shall notify the corporation. Notwithstanding AS 37.13.145,  
5 the corporation shall transfer from the real income calculated under  
6 AS 37.13.140 to the dividend fund the amount needed to ensure that the  
7 dividend for that year equals \$873. If the amount of real income is  
8 insufficient for this purpose, the corporation shall transfer from the  
9 earnings reserve account the additional amount needed to ensure that  
10 the dividend equals \$873, or the balance in the account, whichever is  
11 less.