

HOUSE BILL NO. 344

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HANLEY

Introduced: 5/19/81

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to income from the permanent fund."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 *** Section 1.** AS 37.13.140 is repealed and reenacted to read:

4 Sec. 37.13.140. INCOME. (a) Real income of the corporation shall be computed
5 annually as of the last day of the fiscal year in accordance with generally accepted accounting
6 principles, excluding

7 (1) any unrealized gains or losses; and

8 (2) an amount determined by the corporation to be sufficient to offset the effect
9 of inflation on principal of the Alaska permanent fund during that year, as measured by the
10 change in the calendar year average United States Consumer Price Index for all urban consumers,
11 multiplied by the average principal balance of the fund during that year.

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

1 (c) For reporting purposes, the corporation may compute net income by any method that
2 accords with generally accepted accounting principles.

3 (d) Income available for distribution equals 21 percent of the real income of the
4 corporation for the last five fiscal years, including the fiscal year just ended, but may not exceed
5 real income of the corporation for the fiscal year just ended plus the balance in the earnings
6 reserve account described in AS 37.13.145. For years in which real income was not calculated,
7 net income shall be used for purposes of determining the income available for distribution.

8 (e) If during a fiscal year the amount available to transfer to the principal of the
9 permanent fund is not sufficient to fully fund the transfer under (b) of this section, the amount
10 of the deficiency, together with an amount sufficient to offset the effect of inflation on that
11 deficiency, shall be transferred to the principal of the fund during the next or a subsequent fiscal
12 year from the earnings reserve account.

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

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

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

27 (b) Notwithstanding any contrary provision of law, each year the Alaska Permanent
28 Fund Corporation [COMMISSIONER] shall transfer to the dividend fund 50 percent of the
29 income of the Alaska permanent fund earned during the fiscal year ending on June 30 of the
30 current year and available for distribution under AS 37.13.140(d). However, income earned on
31 money awarded after trial in State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court,

1 First Judicial District) shall be treated in the same manner as other income of the Alaska
2 permanent fund, except that it is not available for distribution to the dividend fund, and shall be
3 annually deposited into the principal of the Alaska permanent fund. If the commissioner of
4 revenue determines that the amount of a permanent fund dividend will be less than \$975,
5 the commissioner shall notify the corporation. Notwithstanding AS 37.13.145, the
6 corporation shall transfer from the real income calculated under AS 37.13.140 to the
7 dividend fund the amount needed to ensure that the dividend for that year equals \$975.
8 If the amount of real income is insufficient for this purpose, the corporation shall transfer
9 from the earnings reserve account the additional amount needed to ensure that the dividend
10 equals \$975, or the balance in the account, whichever is less.