

S B

312

Senator John B. (Jack) Coghill

Alaska State Legislature

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see SB 346
relates to
same statutes

MEMORANDUM

DATE: February 28, 1990

TO: Senator Pat Pourchot, Chair
Senate State Affairs Committee

FROM: Senator Jack Coghill

SUBJECT: Senate Bill 312 Sponsor Statement

BILL SUMMARY: Senate Bill 312, "An Act relating to the income of the permanent fund; and providing for an effective date" is a piece of legislation which changes the percentage of the income of the permanent fund that will be deposited back into the fund for inflation proofing.

FISCAL IMPACT: As of today, February 28, 1990, we have not yet received a fiscal note from the Department of Revenue. However, we do not anticipate a fiscal impact.

ABOUT THE BILL: After the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, shall be transferred by the corporation from the net income of the Alaska permanent fund to the principal of the permanent fund for reinvestment. SB 312 would establish that the amount transferred may not exceed 25 percent of the net income computed for the preceding fiscal year, instead of using the formula of "21 percent of the net income of the corporation for the last five fiscal years."

Also, after the end of each fiscal year, 75 percent of the net income of the permanent fund computed for the preceding fiscal year shall be transferred by the corporation to the dividend fund.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 3, 1990

SUBJECT: Sectional summary of SB 312
TO: Senator Jack Coghill
FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

Here is the sectional summary you requested of SB 312, relating to income of the permanent fund.

Sec. 1. Deletes "income averaging" and other provisions in existing law relating to the determination of the amount of income available for distribution.

Sec. 2. At the end of each fiscal year an amount to offset the effect of inflation is transferred by the Alaska Permanent Fund Corporation from the income of the permanent fund to the principal. The amount may not exceed 25 percent of the net income computed for the preceding fiscal year. Provisions relating to the earning reserve account are deleted. If this bill is enacted, an appropriation of the unencumbered balance in this account should be made.

Sec. 3. At the end of each fiscal year 75 percent of the net income is transferred to the dividend fund.

Sec. 4. A cross-reference is added to the new provision contained in Sec. 3 of the bill requiring the transfer of 75 percent of the income to the dividend account. Reference to the subsection requiring 50 percent of the income available for distribution to be transferred is deleted, as that provision is repealed.

Sec. 5. The current subsection dealing with transfers of income to the permanent fund is repealed.

Sec. 6. The Act has an effective date of July 1, 1989. This date will need to be adjusted.

TBC:mi
wkmi6/035

FISCAL NOTE

REQUEST

Revision Date: March 1, 1990
Title: An Act relating to income of the permanent fund
Sponsor: COGHILL
Requestor: State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: None required.

Prepared By: Ervin Jones
Division: Permanent Fund Dividend Division

Phone: 465-2323
Date: March 1, 1990

Approved by Commissioner: [Signature]
Agency: Revenue

Date: _____

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 312

SPONSOR Coghill

BILL TITLE Income of Permanent Fund

DATE REFERRED 5-2-89

HEARING SCHEDULED 4.2.90

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED ✓

INTERESTED PARTIES CONTACTED

✓ PFC —

ACTION — HEARD, not passed out.

OTHER