

CS FOR HOUSE BILL NO. 110(W&M)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Offered: 3/28/24

Referred: Finance

Sponsor(s): REPRESENTATIVE CARPENTER

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska permanent fund; relating to income of the Alaska**
2 **permanent fund; relating to the earnings reserve account; relating to the dividend fund;**
3 **relating to the permanent fund dividend; and providing for an effective date."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature to

8 (1) pass a constitutional amendment that

9 (A) requires the payment of permanent fund dividends to eligible state
10 residents; and

11 (B) provides that the payment of permanent fund dividends is a
12 constitutionally allowable dedication of funds;

13 (2) establish, in this Act, the statutory maximum annual draw on the earnings
14 reserve account as a percent of the market value of that account;

1 (3) establish, in this Act, the statutory amount of the annual permanent fund
2 dividend.

3 * **Sec. 2.** AS 37.05.215(a) is amended to read:

4 (a) The Department of Administration shall develop, operate, and maintain a
5 searchable Internet website that is accessible to the public at no cost and that provides
6 financial information available from the central accounting system or the annual
7 financial report prepared and filed under AS 37.05.210(a)(1), describing

8 (1) unaudited state revenue for the preceding month, including

9 (A) a receipt or deposit by a state agency into a fund or account
10 established within the state treasury;

11 (B) proceeds from taxes received, categorized by source type,
12 including a compulsory contribution imposed by the state for the purpose of
13 financing services;

14 (C) state agency earnings, including amounts collected for sales
15 or services, licenses or permits issued, or otherwise received by a state agency
16 under the agency's regulations;

17 (D) revenue received for the use of state money or property,
18 including interest and lease payments;

19 (E) gifts, donations, and federal receipts; and

20 (F) other revenue;

21 (2) unaudited expenditures for the preceding month, including

22 (A) the name and location of any person to whom payment was
23 made;

24 (B) the amount of the expenditure disbursed;

25 (C) the type of transaction, by account code, including the
26 purpose of the expenditure;

27 (D) other information specified by the Department of
28 Administration;

29 (3) the estimated balances, for the preceding month, of the statutory
30 budget reserve fund (AS 37.05.540), the constitutional budget reserve fund (art. IX,
31 sec. 17, Constitution of the State of Alaska), and the permanent fund earnings reserve

1 account (**art. IX, sec. 15, Constitution of the State of Alaska** [AS 37.13.145]);

2 (4) the amount deposited into the permanent fund under art. IX, sec 15,
3 Constitution of the State of Alaska for the preceding fiscal year;

4 (5) state revenue and expenditures, summarized for the preceding
5 fiscal year, as follows:

6 (A) general fund revenue sources;

7 (B) general fund expenditures categorized by function;

8 (C) general fund expenditures categorized by state agency;

9 (D) general fund expenditures categorized by account; and

10 (E) total general fund revenue versus expenditures;

11 (6) total assets versus liabilities at the end of the fiscal year; and

12 (7) for the preceding 10 years, by fiscal year, the following:

13 (A) the number of full-time, part-time, and temporary
14 employees employed by the state, by state agency;

15 (B) the number of independent contractors engaged by the
16 state, by state agency;

17 (C) the total long-term debt owed by the state, by state agency;

18 (D) total general fund expenditures; and

19 (E) total general fund payroll, by state agency.

20 * **Sec. 3.** AS 37.13.140 is amended to read:

21 **Sec. 37.13.140. Income.** (a) Net income of the fund includes income of the
22 earnings reserve account established under **art. IX, sec. 15, Constitution of the State**
23 **of Alaska** [AS 37.13.145]. Net income of the fund shall be computed annually as of
24 the last day of the fiscal year in accordance with generally accepted accounting
25 principles, excluding any unrealized gains or losses. [INCOME AVAILABLE FOR
26 DISTRIBUTION EQUALS 21 PERCENT OF THE NET INCOME OF THE FUND
27 FOR THE LAST FIVE FISCAL YEARS, INCLUDING THE FISCAL YEAR JUST
28 ENDED, BUT MAY NOT EXCEED NET INCOME OF THE FUND FOR THE
29 FISCAL YEAR JUST ENDED PLUS THE BALANCE IN THE EARNINGS
30 RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

31 (b) The corporation shall determine the **income** [AMOUNT] available for

1 **distribution from the permanent fund** [APPROPRIATION] each year. The **income**
 2 [AMOUNT] available for **distribution** [APPROPRIATION] is five percent of the
 3 average market value of the fund for the first five of the preceding six fiscal years,
 4 including the fiscal year just ended, computed annually for each fiscal year in
 5 accordance with generally accepted accounting principles. In this subsection, "average
 6 market value of the fund" includes the balance of the earnings reserve account
 7 [ESTABLISHED UNDER AS 37.13.145], but does not include that portion of the
 8 principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ.
 9 (Superior Court, First Judicial District).

10 * **Sec. 4.** AS 37.13.145(a) is amended to read:

11 (a) **Under art. IX, sec. 15, Constitution of the State of Alaska, the** [THE]
 12 earnings reserve account is established as a separate account in the fund. Income from
 13 the fund shall be deposited by the corporation into the account as soon as it is
 14 received. Money in the account shall be invested in investments authorized under
 15 AS 37.13.120.

16 * **Sec. 5.** AS 37.13.145(b) is amended to read:

17 (b) **Each** [AT THE END OF EACH] fiscal year, the corporation shall transfer
 18 from the earnings reserve account to the **general** [DIVIDEND] fund **an amount equal**
 19 **to the lesser of**

20 **(1)** [ESTABLISHED UNDER AS 43.23.045, 50 PERCENT OF] the
 21 income available for distribution **from the permanent fund, determined** under
 22 **AS 37.13.140(b); or**

23 **(2) the balance of the earnings reserve account** [AS 37.13.140].

24 * **Sec. 6.** AS 37.13.145(d) is amended to read:

25 (d) Notwithstanding (b) of this section, income earned on money awarded in
 26 or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior
 27 Court, First Judicial District), including settlement, summary judgment, or adjustment
 28 to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned
 29 on the money, or on the earnings of the money shall be treated in the same manner as
 30 other income of the Alaska permanent fund, except that it **may not be included in the**
 31 **computation of the income available for distribution from the permanent fund,** is

1 not available for **transfer** [DISTRIBUTION] to the **general** [DIVIDEND] fund [,
 2 FOR TRANSFERS TO THE PRINCIPAL] under **(b)** [(c)] of this section, [OR FOR
 3 AN APPROPRIATION UNDER (E) OF THIS SECTION,] and shall be annually
 4 deposited into the Alaska capital income fund (AS 37.05.565).

5 * **Sec. 7.** AS 37.13.300(c) is amended to read:

6 (c) Net income from the mental health trust fund may not be included in the
 7 computation of **the** [NET] income [OR MARKET VALUE] available for distribution
 8 **from the permanent fund** [OR APPROPRIATION] under **AS 37.13.140(b)**
 9 [AS 37.13.140].

10 * **Sec. 8.** AS 37.13.310(d) is amended to read:

11 (d) Net income from the power cost equalization endowment fund may not be
 12 included in the computation of **the** [NET] income [OR MARKET VALUE] available
 13 for distribution **from the permanent fund** [OR APPROPRIATION] under
 14 **AS 37.13.140(b)** [AS 37.13.140].

15 * **Sec. 9.** AS 43.23.025(a) is amended to read:

16 (a) By October 1 of each year, the commissioner shall determine the value of
 17 each permanent fund dividend for that year by

18 (1) determining the total amount available for dividend payments,
 19 which equals

20 (A) the amount of income of the Alaska permanent fund
 21 transferred to the dividend fund under **AS 43.23.045(a)** [AS 37.13.145(b)]
 22 during the current year;

23 (B) plus the unexpended and unobligated balances of prior
 24 fiscal year **transfers and** appropriations that lapse into the dividend fund under
 25 AS 43.23.045(d);

26 (C) less the amount necessary to pay prior year dividends from
 27 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and
 28 43.23.055(3) and (7);

29 (D) less the amount necessary to pay dividends from the
 30 dividend fund due to eligible applicants who, as determined by the department,
 31 filed for a previous year's dividend by the filing deadline but who were not

1 included in a previous year's dividend computation;

2 (E) less appropriations from the dividend fund during the
3 current year, including amounts to pay costs of administering the dividend
4 program and the hold harmless provisions of AS 43.23.240;

5 (2) determining the number of individuals eligible to receive a
6 dividend payment for the current year and the number of estates and successors
7 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

8 (3) dividing the amount determined under (1) of this subsection by the
9 amount determined under (2) of this subsection.

10 * **Sec. 10.** AS 43.23.028(b) is amended to read:

11 (b) To the extent that amounts **transferred** [APPROPRIATED] for a fiscal
12 year do not exceed the total amount that would have been paid during the previous
13 fiscal year to individuals who were ineligible to receive dividends under
14 AS 43.23.005(d) or under AS 43.23.021(b) if they had been eligible, the notice
15 requirements of (a)(3) of this section do not apply to transfers from the dividend fund
16 to the restorative justice account (AS 43.23.048).

17 * **Sec. 11.** AS 43.23.045(a) is amended to read:

18 (a) The dividend fund is established as a separate fund in the state treasury.
19 **On June 30 of each year, the department shall transfer from the general fund to**
20 **the dividend fund an amount equal to 50 percent of the amount transferred to the**
21 **general fund under AS 37.13.145(b).** The dividend fund shall be administered by the
22 commissioner and shall be invested by the commissioner in the same manner as
23 provided in AS 37.10.070.

24 * **Sec. 12.** AS 43.23.045(d) is amended to read:

25 (d) Unless specified otherwise in an appropriation act, the unexpended and
26 unobligated balance of an appropriation to implement this chapter lapses into the
27 dividend fund on June 30 of the fiscal year for which the appropriation was made and
28 shall be used in determining the amount of and paying the subsequent year's dividend
29 as provided in AS 43.23.025(a)(1)(B). **The unexpended and unobligated balance of**
30 **a transfer to implement this chapter lapses into the dividend fund on June 30 of**
31 **the fiscal year for which the transfer was made and shall be used in determining**

1 **the amount of and paying the subsequent year's dividend as provided in**
2 **AS 43.23.025(a)(1)(B).**

3 * **Sec. 13.** AS 37.13.145(c), 37.13.145(e), and 37.13.145(f) are repealed.

4 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 **CONDITIONAL EFFECT.** This Act takes effect only if a constitutional amendment to
7 art. IX, sec. 15, Constitution of the State of Alaska, requiring an annual permanent fund
8 dividend be paid to eligible residents of the state, is passed by the legislature and approved by
9 the voters at the 2024 general election.

10 * **Sec. 15.** If this Act takes effect, it takes effect July 1, 2025.