

**SENATE JOINT RESOLUTION NO. 24**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

**BY SENATOR FRENCH**

**Introduced: 1/19/10**

**Referred: State Affairs, Finance**

**A RESOLUTION**

1 **Proposing amendments to the Constitution of the State of Alaska relating to the Alaska**  
2 **permanent fund, establishing the earnings reserve account, and relating to the**  
3 **permanent fund dividend.**

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

5 \* **Section 1.** This resolution shall be known as an amendment to guarantee the permanent  
6 fund dividend.

7 \* **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

8 **Section 15. Alaska Permanent Fund. (a)** At least twenty-five percent of all  
9 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing  
10 payments and bonuses received by the State shall be placed in a permanent fund, the  
11 principal of which shall be used only for those income-producing investments  
12 specifically designated by law as eligible for permanent fund investments. **The**  
13 **earnings reserve account is established as a separate account in the fund. Income**  
14 **from the fund shall be deposited into the earnings reserve account as soon as it is**  
15 **received and may be invested as authorized for investments of the principal.**

1        **Money in the earnings reserve account may only be appropriated as provided in**  
 2        **(b) of this section** [ALL INCOME FROM THE PERMANENT FUND SHALL BE  
 3        DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY  
 4        LAW].

5        \* **Sec. 3.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding a  
 6        new subsection to read:

7                (b) Net income of the permanent fund shall be computed annually as of the  
 8        last day of the fiscal year in accordance with generally accepted accounting principles,  
 9        excluding any unrealized gains or losses. Income available for distribution under this  
 10        subsection equals twenty-one percent of the net income of the fund for the last five  
 11        fiscal years, including the fiscal year just ended, but may not exceed net income of the  
 12        fund for the fiscal year just ended plus the balance in the earning reserve account. On  
 13        the last day of each fiscal year, fifty percent of the income available for distribution,  
 14        calculated under this subsection, or the balance in the account, whichever is less, shall  
 15        be transferred from the earnings reserve account for use in a program of dividend  
 16        payments to State residents established by law. Money remaining in the earnings  
 17        reserve account after the transfer may be appropriated for any public purpose.

18        \* **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new  
 19        sections to read:

20                **Section 30. Permanent Fund Dividend Amendments: Transition.** The  
 21        earnings reserve account established in the 2010 amendments to the Alaska permanent  
 22        fund (art. IX, sec. 15) replaces the earnings reserve account established in  
 23        AS 37.13.145. Money in the account established in AS 37.13.145 on the effective date  
 24        of the 2010 amendments to the Alaska permanent fund (art. IX, sec. 15) shall be  
 25        deposited into the earnings reserve account established by those amendments.

26                **Section 31. Suspension and Repeal of Permanent Fund Dividend**  
 27        **Amendments.** (a) Notwithstanding Section 1 of Article XIII, the 2010 amendments to  
 28        Section 15 of Article IX are suspended on the date of an initial determination by the  
 29        Internal Revenue Service that all or a portion of the permanent fund is subject to  
 30        federal taxation. The suspension is terminated on the date the amendments are  
 31        repealed under (b) of this section or one hundred eighty days after the date of a final,

1 nonappealable judgment or order by a federal court deciding that no portion of the  
2 permanent fund would be subject to federal taxation as a result of the amendments.  
3 During the period of suspension under this subsection, Section 15 of Article IX shall  
4 apply as it read on January 1, 2010.

5 (b) Notwithstanding Section 1 of Article XIII, the 2010 amendments to  
6 Section 15 of Article IX are repealed one hundred eighty days after the date of a final,  
7 nonappealable judgment or order by a federal court deciding that all or a portion of the  
8 permanent fund is subject to federal taxation. Upon repeal of the 2010 amendments  
9 under this subsection, Section 15 of Article IX is amended to read as it read on  
10 January 1, 2010.

11 \* **Sec. 5.** The amendments proposed by this resolution shall be placed before the voters of  
12 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
13 State of Alaska, and the election laws of the state.