

HOUSE JOINT RESOLUTION NO. 34

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE EASTMAN

Introduced: 2/14/18

Referred:

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

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

1 DEPOSITED IN THE GENERAL FUND UNLESS OTHERWISE PROVIDED BY
2 LAW].

3 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding new
4 subsections to read:

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

17 (c) The legislature shall provide by law for a transfer from the earnings
18 reserve account to the fund sufficient to offset the effect of inflation on the principal of
19 the fund during that fiscal year.

20 (d) The amount of the dividend shall be calculated each year by determining
21 the total amount available for dividends and dividing it by the number of recipients
22 eligible for a dividend payment for the current year as designated by law. The total
23 amount available for dividends equals the amount of income of the Alaska permanent
24 fund transferred from the earnings reserve account as provided in (b) of this section,
25 plus the unexpended and unobligated balances of prior appropriations that lapse into
26 the earnings reserve account, less the amount necessary to pay prior year dividends
27 from the earnings reserve account in the current year, less the amount necessary to pay
28 individuals who filed for a previous year's dividend by the filing deadline but were not
29 included in the previous year's dividend computation, and less appropriations from the
30 earnings reserve account in the current year, including administrative costs. The
31 legislature may appropriate an additional amount to provide for a larger dividend than

1 the amount calculated under this subsection.

2 * **Sec. 3.** Article XV, Constitution of the State of Alaska, is amended by adding a new
3 section to read:

4 **Section 30. Permanent Fund Amendments: Transition.** The earnings
5 reserve account established in the 2018 amendments to the Alaska permanent fund
6 (art. IX, sec. 15) replaces the existing earnings reserve account established by law.
7 Money in the existing earnings reserve account on the effective date of the 2018
8 amendments to the Alaska permanent fund (art. IX, sec. 15) shall be deposited into the
9 earnings reserve account established by those amendments.

10 * **Sec. 4.** The amendments proposed by this resolution shall be placed before the voters of
11 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
12 State of Alaska, and the election laws of the state.