Alaska State Legislature

Senate Finance Committee

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Sponsor Statement
Senate Bill 109

Permanent Fund Dividend; POMV Split

Senate Bill 109 continues the discussion of a long-term sustainable fiscal solution for the State of Alaska, and how the annual Percent of Market Value (POMV) from the Permanent Fund plays a role in the State's fiscal stability.

SB 109 establishes a split for the annual POMV draw, with 75% of the draw remaining in the general fund and 25% appropriated to pay Permanent Fund Dividends (PFDs).

The Permanent Fund was established by voters in 1976 to set aside a portion of annual oil royalties for a time when yearly oil revenue would no longer be sufficient to cover the State's needs.

in 2018, the legislature and governor acknowledged that time had come, and Senate Bill 26 became law, establishing the POMV formula for using Permanent Fund earnings for State expenses, including the PFD.

However, Senate Bill 26 did not update the 1980s dividend formula. As we have seen for many years, the 1980s PFD formula has not been fiscally attainable.

Since passage of SB 26, the dividend has fluctuated from between 22% to 50% of the POMV payout. Often the amount of the PFD is not determined until late in the legislative session. The uncertainty surrounding dividends has further complicated overall budget decisions and left many in the public frustrated.

SB 26 was passed in part to stabilize the State's revenue and budgeting. Having an outdated dividend statute in place that is fiscally unattainable has the opposite affect and contributes to fiscal and public confusion.

SB 109 proposes a dividend based on a percentage of the POMV payout, potentially adding stability to both the budget process and the dividend.

To fully realize fiscal stability, decisions regarding the level of State services and revenue also need to be considered.