

# ALASKA STATE LEGISLATURE

## HOUSE FINANCE COMMITTEE

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### **Sponsor Statement**

### **HJR 23 Constitutional Amendment:**

### ***Permanent Fund; POMV; Dividend***

### **30<sup>th</sup> Legislature**

HJR 23 establishes in the Constitution of the State of Alaska the Earnings Reserve Account (ERA) within the Permanent Fund as a separate account. It creates a structured transfer of 4.75% from the ERA to the General Fund and directs that 33% of the transfer be used for Permanent Fund Dividend (PFD) checks for qualified Alaskans. Additional draws of the ERA can only happen if there is a  $\frac{3}{4}$  vote of both bodies. The resolution also allows for appropriations from the ERA to the principal of the fund to ensure it is protected against inflation.

Since the passage of the Permanent Fund Dividend, the ERA has only been used for paying the PFD to Alaskans and for inflation proofing the principal of the fund. Though the principal of the fund is protected, the ERA can be used for any purpose. If approved by Alaskans, this resolution will put the PFD in the constitution, protect the ERA by limiting the amount of the annual draw, and ensure its sustainable use for generations to come.

Alaska's Constitution provides unique aspects to ensure Alaskans are provided opportunities to benefit from our rich natural resources. Article VIII, Section 2 states, "The legislature shall provide for the utilization, development and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people."

In 1976, the Constitution was amended to create the Permanent Fund after oil on the North Slope began flowing, turning our non-renewable resources into a savings to provide future generations of Alaskans a share in their natural resource. Article IX,

Section 15 requires that at least twenty-five percent of petroleum and resource revenues are to be deposited into the Permanent Fund. These funds are invested and constitutionally prohibited from being spent.

In 1982, the Alaska State Legislature approved the PFD, a measure that provided to every Alaskan a check that reflected some of the earnings in the Permanent Fund. The dividend is a way to make sure every Alaskan receives a share of our state's resources and creates a vital connection between the people and the government.

If approved by a vote of Alaskans, this resolution will put the PFD in the constitution, protect the ERA by limiting the amount of the annual draw, and ensure its sustainable use for generations to come.