

HJR 23 – Letters of Support
3/14/2018

March 13, 2018

To: House Finance Committee

From: Wayne Aderhold

Ref: CS HJR 23 – Permanent Fund action – **IN SUPPORT**

Please count me as **in support** of HJR-23.

As I understand it, these changes (and the associated vote of the people) will clear up needed direction in order to stabilize the finances of Alaska.

The details of the bill, per the information available online, and the basis for my support are:

Respectfully,

Wayne Aderhold / Homer

Facts about the Permanent Fund and the CS

- Alaskans would vote on this resolution in November if the CS passes both the House and the Senate.

- The PFD is only in law (Alaska Statute) and not in the Alaska Constitution.
- The current formula for calculating the PFD was passed in 1982.
- The Principal of the Permanent Fund cannot be spent.
- The PFD is currently paid from the ERA (and the same for the CS).
- The ERA can be used for any purpose. If the ERA goes away, so does the PFD.
- Alaskans have never voted to constitutionalize the PFD.
- Without protection, future Legislatures can appropriate the full amount of the ERA, draining the fund, and thus eliminating the PFD.

- CS HJR 23 would protect the ERA by limiting appropriations to a sustainable level of 4.75% annually.

- The Legislature “shall” appropriate the 4.75% draw to the general fund.
- The Legislature “may” appropriate 33% of the 4.75% draw to dividends, leaving 67% for public services.
- “Shall” implies mandated, and “may” implies subject to appropriation by the Legislature.

Mandating the

amount or percentage to PFD will likely trigger lawsuits.

- The total fund is estimated to earn 6.5% annually, so the amount for the PFD under the CS would increase over time.

Respectfully,

Wayne Aderhold/Homer

I agree that the state should manage the corpus of the fund as an endowment only spending a sustainable percentage for government.

I disagree that a constitutionally guaranteed dividend should be paid out to residents.

We made it before when we paid an income tax and did not receive a dividend. The state will NOT survive without decent roads, airports, LE, Wildland Fire management, a sustainable research and undergraduate education system, or a court system.

I am embarrassed and angry that the legislature only panders to the greed of their patrons (only some of them voters) and refuses to be a careful steward of the states resources and basic services.

Bill Witte

House Finance Committee Members:

I am writing to express my support for HJR 23 for the following reasons:

1. Without constitutional protection for the dividend and the Earnings Reserve, it's likely the dividend will disappear in just a few years, as the example of the CBR so clearly demonstrates.
2. HJR23 seeks to provide both a ceiling for the amount the Legislature can take from the PFD for essential government services, plus provide a dividend floor in the constitution. Protecting both a ceiling and a floor in the constitution enshrines the PFD as a core Alaskan value. Further, the resolution recognizes that the majority of Alaskans demand both essential government services and a protected dividend.
3. HJR23 works closely with APFC data and projections, which allow the PFD to be constitutionally supported in a sustainable manner.
4. HJR23 requires a 3/4 vote of the Legislature to take a larger draw than the 4.75% POMV, safeguarding permanently both the balance of the fund and peoples' dividend checks. Further, the resolution allows the legislature to inflation-proof the principal of the fund with a simple majority vote—a key and prudent APFC request.

I am confident that the ongoing conversation, a robust amendment process and a willingness to listen to testimony from all perspectives will result in a fiscally responsible measure which addresses the key elements of our current fiscal crisis.

I remain committed to the concept HJR23 expresses, that constitutional protection for the PFD is a pivotal part of a sustainable way forward.

Very truly yours,

Cindy Lelake
Anchorage