ALASKA STATE LEGISLATURE

REPRESENTATIVE ZACK FIELDS

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House Bill 209 – Sponsor Statement

The purpose of this bill is to resolve the statutory conflicts regarding Permanent Fund Dividend payments and right-size PFD payments to protect access to annual dividend payments for future generations of Alaskans.

House Bill 209 gives the legislature the authority to appropriate funds for a dividend, and it caps that amount at $1,000.

Payment of PFDs based on a 1982 formula is no longer practical. Original legislative intent envisioned Permanent Fund Dividend payments of roughly $1,000, which is similar to the historic average of dividends over the last four decades.

After a decade of public disinvestment that has led to declining schools, decaying infrastructure, and consistent out-migration, Alaskans should recognize that supplementing incomes with super-sized PFDs cannot compensate for a failure to fund basic services. Fortunately, because of Alaska’s Permanent Fund endowment and resource wealth, the state can afford to fund adequate public services, and to pay a reasonable but not massive dividend.

Here is how the math works: At current oil prices, we can fund all existing state services, reverse the last six years of cuts to education, pay a $1,000 PFD (the historic average, taking into account inflation), and that would leave us with an approximately $550 million surplus. We can reverse the trend of disinvestment, pay a PFD consistent with the historic average, and still have a budget surplus.

Once again, this year Alaska is in the enviable position of being able to fund public services with a combination of sustainable earnings from the Permanent Fund and revenue from oil production — even though individual Alaskans do not pay a cent in state income or sales tax. Alaska is the only state in the U.S. to have such wealth, and it gives us the opportunity to plan and invest for the long term.

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