

ALASKA STATE LEGISLATURE



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House Joint Resolution 17 Sponsor Statement

HJR 17: Permanent Fund Dividend

When Alaska became a state it adopted a constitution that required management of public resources for the maximum benefit of its people. Since production at the largest oil field in North America began at Prudhoe Bay in 1977, about 25% of direct petroleum revenues have been deposited into two savings accounts – the Alaska Permanent Fund and the smaller Constitutional Budget Reserve. Deposits to the Alaska Permanent Fund are constitutionally prohibited from being spent, but all fund earnings are available for appropriation by the state legislature for any purpose. In addition, the Fund’s unrealized gains are available for appropriation or withdrawal if the assets are sold, which in some years has left more than 20% of the Fund unprotected.

Over the years the legislature has decided not to exercise the option of withdrawing the leftover funds in the realized earnings account, and this restraint has significantly contributed to the Fund’s growth.

In 1982 the legislature passed a plan that paid each Alaskan resident regardless of age an equal amount out of the appropriable earnings of the Permanent Fund. The state has paid an annual dividend each year since then. The dividend has become an important aspect of Alaska’s economy. Many recipients rely upon the Fund for the purchase of durable goods such as appliances and snow machines, while many save their dividend and reduce their level of debt.

It is important to ensure that the Fund will remain protected in the future as the legislature faces potential deficits and looks towards available money to fund the state’s budgets. However, there is no language within the Constitution which calculates how the dividend shall be calculated, nor does the Constitution protect funds eligible for distribution from being spent by the legislature for other purposes. HJR 17 would amend the Constitution to ensure that dividends from the Fund that Alaskans rely upon are permanently protected in perpetuity.