

ALASKA STATE LEGISLATURE

REPRESENTATIVE ADAM WOOL

Session: January – April
State Capitol, Room 501
Juneau, AK 99801-1182
Phone: 907-465-4976

House Finance Committee

Interim: May – December
1292 Sadler Way, Ste. 308
Fairbanks, AK 99701
Phone: 907-452-6084



March 9th 2020

HB 300 Sponsor Statement **PFD/POMV**

It has become apparent in recent years that if the Legislature adheres to Senate Bill 26 (2018), the 5% POMV draw from Permanent Fund will not be able to pay even close to a statutory Permanent Fund Dividend and also support government services. The Legislature needs to create a new statute for a PFD formula to ensure that dividend payments to Alaskans are viable into the future and that the Permanent Fund continues to grow. The POMV draw is now our primary source of state funding, and oil revenue is highly volatile and has been in steady decline.

HB 300 uses the POMV structured draw as the source of funding for essential state services. These areas of funding are K-12 education, the University of Alaska, the Capital Budget, and a Community Dividend program that is an extension of the existing Community Assistance fund.

The breakdown is as follows:

- 40% to fund K-12 education,
- 10% to the University of Alaska,
- 10% to the capital budget,
- 10% to an updated community assistance program.
- 30% split 50/50 between
 - The General Fund
 - Permanent Fund Dividends

Designating funds to these items would serve many purposes. It would free up K-12 and the University from the uncertainty they face each year and provide for them a predictable and growing fund source that would keep in line with inflation. HB 300 shows that Alaska believes in education and is interested in having a strong base for growing our state into the future.

The 10% POMV designation to the capital budget would make the statement that Alaskan workers are important for our future as a state. We need to keep a trained workforce here in Alaska and provide consistent and dependable work. Alaskan infrastructure would also benefit greatly from much needed capital investments.

A new community dividend program would take 10% of the POMV to be distributed to communities in the form of a shared community dividend. This would increase and replace the existing Community Assistance Program allowing for increased local control of funding priorities. Individuals along with their local community leaders will prioritize spending needs. Examples of community projects might include a new roof for a school, water or sewer upgrades, a new powerhouse for a village, deferred maintenance projects, energy projects, a homeless shelter, ski trails, a swimming pool, or village police officers. Local community members and local governing bodies know best their own needs and priorities. This new community dividend would use a similar formula to the community assistance program in that it gives a base amount to each borough (\$1 million), city (\$250,000), and unincorporated communities - mostly villages (\$83,333), and then distributes the remaining balance on a per capita basis based on the overall state population. There will be a cap for each community not to exceed \$1200 per person total.

The last portion of the POMV draw (30% or approximately \$930 million in FY21) would be split 50/50 between the PFD and the General Fund disbursements. This calculation would result in approximately a \$725 PFD in FY21. This amount combined with the per person amount from the community dividend can add up to close to \$2,000 for the smaller communities that are in need of cash for their local economies.

This bill represents a path forward for Alaska. Despite our fiscal challenges over the past few years, Alaska has the strength and pioneering spirit to bring stability back to our budgeting. The uncertainty that Alaskans feel each year in their communities has to stop. Now is the time to innovate and to move Alaska forward in a responsible, sustainable manner. We need to build upon our strengths and invest in them, including our people and our communities. We need to send the message that educating Alaskans, putting Alaskans to work and supporting our communities is the best way forward. Please join me in supporting HB 300 to restructure the POMV draw and to give the State, our communities, and our citizens back the fiscal stability that we need to grow.