

ALASKA STATE LEGISLATURE

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Sectional Analysis

Senate Joint Resolution 1

Section 1 – Elimination of the Permanent Fund Earnings Account

Under Article IX, section 15 of the Alaska Constitution the Permanent Fund is comprised of a principal that may not be accessed for government spending. The income from investments of the principal may be provided for by law. Currently, all earnings of the Fund are deposited in the Earning Reserve Account as established by law. SJR 1 Section 1 would foreclose the possibility of an earnings holding account; any future earnings would be retained as non-spendable principal.

Section 2 – Establishment of the POMV & PFD Payment Formula in the Constitution

This section provides for a constitutionalized percent of market value (POMV) draw from the Permanent Fund that is set at five percent (5%) and is based on the average value of the Fund over five fiscal years.

Section 2 then establishes that payments of dividends to Alaskans will be either by the calculation set by the historic statutory formula, as constitutionalized, or fifty percent (50%) of the POMV, whichever would produce a dividend of greater value.

Section 3 – Providing for Transition Provisions

Article XV of the Alaska Constitution would be amended to provide for transition implementation and the timing necessary to effect the material provisions of SJR 1, upon approval of the voters. The balance of the Earnings Reserve Account would be deposited into the corpus of the Fund at the end of Fiscal Year 2023, and the material provisions of SJR 1 would become effective for state budgeting purposes during Fiscal Year 2024.

Section 4 – Placement of the Proposal Before the Voters

Pursuant to Article XIII, section 1, amendments to the Alaska Constitution must be presented to the voters for approval, which is only permissible during a state general election. Under SJR 1 Section 4, the proposal would therefore be placed before the voters on November 8, 2022.