

On behalf of the Alaskans for Sustainable Budgets project, this is to provide our comments on SJR6/SB53 (HJR7/HB73)

**Summary:** We oppose SJR6/SB53 (HJR7/HB73) as unnecessarily complex and uncertain. We prefer instead the simplicity and directness of SJR1. We would not oppose SJR6/SB53 (HJR7/HB73) if amended to parallel SJR1, especially if further amended to reflect our prior comments on SJR1 (see attached).

**Unnecessarily Complex:** SJR6/SB53 ((HJR7/HB73) are unnecessarily complex because they rely on a tie between the two of them to work. The adoption of SB53 (HB73) without the simultaneous adoption of SJR6 (HJR7) would restructure the Permanent Fund Dividend (PFD), but without at the same time providing the constitutional protections of SJR6 (HJR7). Additionally, relying in part on statute to achieve the legislation's objectives raises the issue of whether, as it has done with the current statute, the legislature ultimately could simply ignore it.

Rather than relying on the two proposals to remain connected or on the protections afforded by statute to remain robust, we prefer the directness of SJR1, which restructures the Permanent Fund (PF) and PFD in a single step, in the constitution and **only** with the adoption also of the constitutional protection of the PFD.

**Unnecessarily Uncertain:** SJR6/SB53 (HJR7/HB73) are uncertain because they don't set a firm constitutional split of the draws made from the PF between the PFD and government (general fund) shares. While the bills provide for an initial split, additional changes may be made by statute. While we appreciate that any such statutory changes would be subject to a vote of the people, we believe the availability of such a process would lead to continual, future uncertainty surrounding the PFD.

SJR6/SB53 (HJR7/HB73) are also uncertain because they permit the legislature to change the rate of draws from the PF by statute. Such a provision undermines the protection of the PF from excessive draws. We prefer that the draw rate be firmly fixed in the Constitution in the manner set forth in our comments to SJR1 ("the average of the real rates of return realized on permanent fund investments over the preceding ten fiscal years"). Rather than tie the draw rate to an artificial projection of future real returns (such as 5% or 4%), this approach would tie the draw rate to actually realized real returns. Even if the Committee does not adopt such an historical-based approach, we strongly prefer the fixed approach set forth in SJR1 to the discretionary approach reflected in SJR6/SB3 (HJR7/HB73).

SJR6/SB53 (HJR7/HB73) are additionally uncertain because they do not **require** the distribution of a PFD. Instead, proposed AS 37.13.145(b) provides only that the legislature **may** appropriate 50 percent of the amount available for distribution (the same is true of the appropriation to be made to the general fund). Again, we prefer the certainty of SJR1 which mandates the annual distribution of the PFD.

**Drafting Note:** In addition to the above concerns, we also note that we don't understand, as the statute is restructured, the purpose of retaining the definition of "net income" in proposed AS 37.13.140(a). After the amendments, the term no longer appears to be used in the statutes pertaining to the PF or PFD.

Thank you for the opportunity to submit these comments.

**Brad**  
**Brad Keithley**  
**Managing Director, Alaskans for Sustainable Budgets**

Hello I am writing to add my testimony on several issues.

Please pass SB82.

Please vote no on SJR6. Pass SJR1 instead.

Please vote no on SB53. Again pass SJR1.

We cannot continue business as usual. We need to make some decisions that will continue to benefit Alaskans into the future without bankrupting the PFD.

Sincerely,

Angela Ferrari

### **I oppose SJR 6 and SB53**

We've had 6 years of the legislature not listening to the will of the people, shunning our voices **AND TAKING MONEY FROM EVERY ALASKAN WITHOUT THEIR CONSENT. THAT'S PLAIN THEFT.**

We've had enough.

**PASS SJR1 IT'S THE RIGHT THING TO DO**

**Linda Morrison Goss**  
**66 year resident, Fairbanks, Alaska**