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# ALASKA STATE LEGISLATURE



SENATOR TOM BEGICH

WHILE IN SESSION  
STATE CAPITOL  
JUNEAU, AK 99801  
(907) 465-3704

•  
WHILE IN ANCHORAGE  
1500 W BENSON BLVD  
ANCHORAGE, AK 99503  
(907) 269-0169

## **Sponsor Statement Senate Joint Resolution 302**

*September 8, 2021  
Version 32-LS0775\E*

*“Proposing amendments to the Constitution of 1 the State of Alaska relating to the Alaska permanent fund, creating the sustainable dividend account and power cost equalization account in the permanent fund, and relating to a dividend for state residents.”*

This proposed constitutional amendment is one part of a comprehensive fiscal plan and encompasses a variety of discussions that took place in the Capitol during the spring of 2021. It assumes the state will have approximately \$250 million in new revenue starting in Fiscal Year 2024 and growing thereafter.

SJR 302, which accompanies SB 3003, is a constitutional amendment that creates a new Sustainable Dividend Account using the amount equal to the unpaid Permanent Fund Dividends from the calendar years 2016 through 2022 under the current statutory formula. This amount – a total of approximately \$10.9 billion – is taken from the Earnings Reserve Account and deposited into this new Sustainable Dividend Account, from which a 5 percent of market value is drawn to help pay for a minimum \$1,200 dividend. This appropriation is separated from general fund spending. However, if the Sustainable Dividend Account is not able to meet the \$1,200 minimum, the legislature shall appropriate the amount necessary from the general fund to meet that minimum.

SJR 302 also constitutionally protects Power Cost Equalization (PCE) by creating its own account within the Permanent Fund. A separate 5 percent of market value is drawn from this account for the purposes of energy subsidies, community assistance, and energy projects, as the state currently uses the PCE Endowment. This appropriation is also separate from general fund spending.

Finally, SJR 302 establishes a 4.5 percent of market value of the entire value of the Permanent Fund, Sustainable Dividend Account, and the PCE Account, to generate approximately \$3 billion for general fund spending starting in FY24.

The mechanisms of SJR 302 and its accompanying bill may change during the legislative process, but the goals of the proposal are fivefold:

- Remove the risk of unstructured draws from the Earnings Reserve Account;
- Resolve the tension of choosing between spending on services versus dividends;
- Constitutionally protect the Permanent Fund Dividend and PCE;
- Invest our state savings with the Permanent Fund to generate more earnings; and
- Help Alaska households and state lawmakers budget for a sustainable PFD amount indefinitely.