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Sponsor Statement

HB72 / 33-LS0413\B

Permanent Fund Dividend; 75/25 POMV Split

The purpose of this bill is to settle the age-old debate over which statutes to follow when it comes to determining the size of a Permanent Fund Dividend (PFD). If adopted, it will reconcile the current two competing statutes regarding the dividend amount.

House Bill 72, the Protecting Future Dividends Act (PFD Act), will put into statute the percent of money from the POMV dedicated to a PFD. It establishes a 75/25 split in which 75 percent of the Percent of Market Value (POMV) draw goes into the general fund and 25 percent of the POMV draw goes to the dividend fund. It's simple, and most importantly it's sustainable.

The POMV draw is the largest single source of Unrestricted General Funds these days. Revenue that the state receives from natural resource development no longer consistently makes up the majority of our revenue. Instead, we rely on the POMV draw. As long as we continue to rely on the POMV draw, this bill will continue to provide a PFD into the future.

Based on current projections, this bill allows us to balance our budget without needing to come up with new revenue sources. Over the next ten years, if we pass and follow HB 72, and if resource revenue remains stable and our state budget grows as anticipated, we won't have a budget deficit and we will have a PFD.

This bill does not make stipulations on how the money will be spent after the POMV draw is sifted 75/25 into the general fund and dividend fund. It simply provides structure as to where the POMV is appropriated.