

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: SB 274
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB274-DOR-APFC-3-7-26
Title: PERMANENT FUND POMV AVAILABLE FOR
APPROP
Sponsor: FINANCE
Requester: (S) FIN

Department: Department of Revenue
Appropriation: Alaska Permanent Fund Corporation
Allocation: APFC Operations
OMB Component Number: 109

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2027 Request	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)				(85.0)	(177.0)	(275.0)	(378.0)
1041 PF ERA (UGF)				85.0	177.0	275.0	378.0
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

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Division: <u>Alaska Permanent Fund Corporation</u>	Date: <u>03/07/2026</u>
Approved By: <u>Deven Mitchell, Executive Director</u>	Date: <u>03/07/26</u>
Agency: <u>Alaska Permanent Fund Corporation</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. SB274

Analysis

This bill does not impact the Alaska Permanent Fund Corporation's (APFC) budget.

There is an impact on State Revenues (Subject to Appropriation):

The proposed legislation reflects a gradual reduction in the statutory Percent of Market Value (POMV) draw from 5% to 4.5%, decreasing by 0.1% per year beginning July 1, 2028. This gradual step-down, if followed by the Legislature in the annual appropriation from the Earnings Reserve Account, would reduce the transfer to the General Fund as follows:

<u>Fiscal Year Ending</u>	<u>POMV Draw</u>
June 30, 2029	4.9%
June 30, 2030	4.8%
June 30, 2031	4.7%
June 30, 2032	4.6%
June 30, 2033 and thereafter	4.5%

The comparison illustrates the status quo versus the proposal under this bill for the POMV draw amount based on current projections from APFC and performance consultant Callan for the Permanent Fund. At present, APFC’s projections extend only through FY2035. Callan testified that their long-term modeling indicates that after approximately 12 years of a 4.5% draw, rather than the current 5.0%, the annual POMV draw would ultimately be higher. This is because the Fund’s ending market value would grow larger over time due to the reduced annual draw amounts.

From FY2029–FY2035, the table shows that the bill's framework produces consistently lower annual POMV draws than the current 5% rule, reducing withdrawals by ~\$85 million in FY2029 to ~\$485 million annually by FY2033–FY2035.

Because less is distributed each year, more earnings remain in the Earnings Reserve Account, causing the balance under this bill to grow significantly relative to the current policy—from a \$265 million higher balance in FY2029 to about \$3.3 billion by FY2035. These retained earnings also translate into a larger overall Fund value, with the gap widening steadily from \$88 million in FY2029 to ~ \$2.9 billion by FY2035.

The analysis first illustrates the impact of a reduced POMV draw and then shows the resulting effect on the overall size of the Fund. The difference between these two reflects the incremental benefit of a larger Fund balance and represents the additional revenue the Alaska Permanent Fund is expected to generate in the future as a result of a reduced draw

In effect, this bill modestly lowers near-term draws but strengthens both the earnings reserve and the long-term growth trajectory of the Fund.

FY	POMV Draw			Realized Earnings Balance			Fund Value		
	Current 5%	SB274	Difference	Current	SB274	Difference	Current	SB274	Difference
29	4,245	4,160	(85)	7,359	7,624	265	98,308	98,396	88
30	4,421	4,244	(177)	6,798	7,349	551	101,069	101,347	278
31	4,599	4,324	(275)	6,183	7,137	954	103,881	104,465	584
32	4,759	4,381	(378)	5,539	7,022	1,483	106,788	107,805	1,017
33	4,895	4,414	(481)	4,867	6,913	2,046	109,821	111,411	1,590
34	5,035	4,549	(486)	4,167	6,812	2,645	112,951	115,160	2,209
35	5,177	4,692	(485)	3,439	6,717	3,278	116,161	119,035	2,874