

# AN ALTERNATIVE AND SUSTAINABLE DIVIDEND HB 266

Rep Ashley Carrick, Bill Sponsor

Stuart Relay, Staff

Proudly Serving House District 35, West Fairbanks



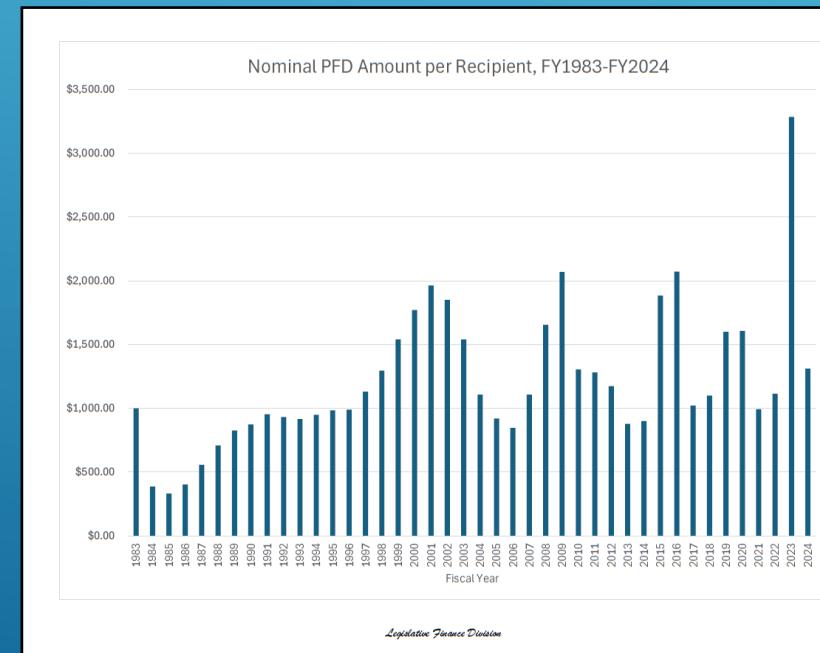
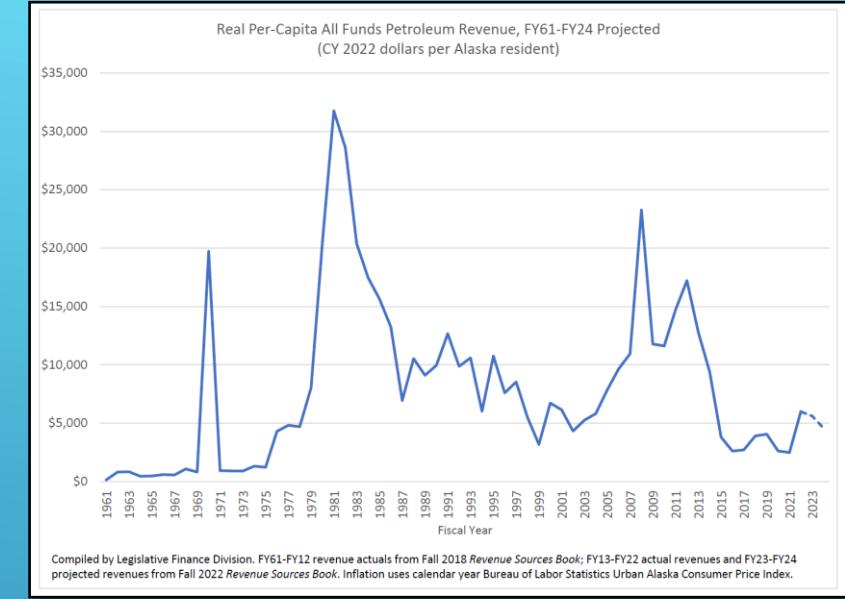


# THE CURRENT DIVIDEND PROGRAM

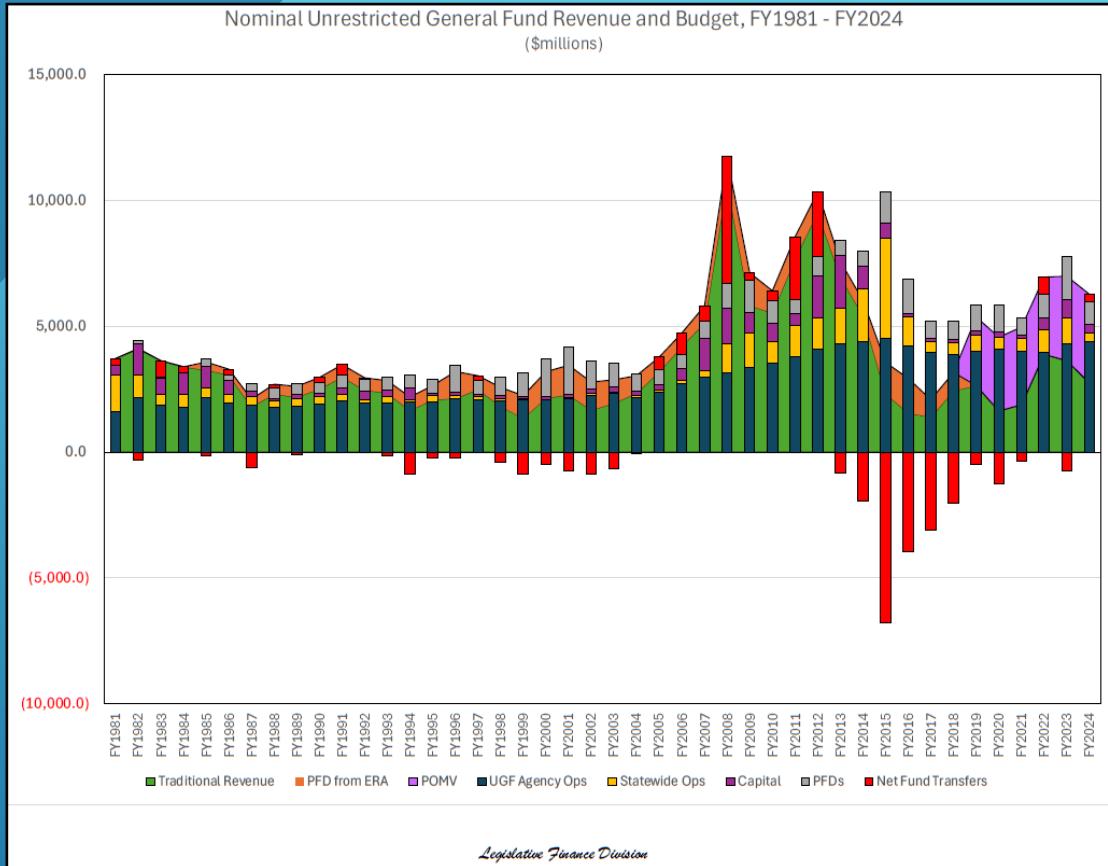
- The current 1982 statutory formula, and all proposed POMV formulas, are based off the performance of the permanent fund itself rather than the direct performance of resource development.

**Pictured right:**  
Per-capita  
petroleum  
revenue FY 61 -  
24 (projected)

**Pictured below:**  
Nominal PFD  
size per  
recipient, FY 83-  
24



Source, Legislative Finance Division



**Pictured above:** The size of Alaska's budgets since FY 1981

| Fiscal Year  | SBR Draw       | CBR Draw        | Total Reserve Draws |
|--------------|----------------|-----------------|---------------------|
| 2013         | 776.4          | -               | 776.4               |
| 2014         | 1,920.4        | -               | 1,920.4             |
| 2015         | 2,503.1        | 3,000.0         | 5,503.1             |
| 2016         | -              | 3,617.9         | 3,617.9             |
| 2017         | 20.0           | 3,033.9         | 3,053.9             |
| 2018         | 95.6           | 1,866.1         | 1,961.6             |
| 2019         | -              | 504.5           | 504.5               |
| 2020         | 172.4          | 1,221.5         | 1,393.9             |
| 2021         | -              | 919.8           | 919.8               |
| 2022         | 410.7          | -               | 410.7               |
| 2023         | 350.3          | -               | 350.3               |
| 2024*        | -              | -               | -                   |
| <b>Total</b> | <b>6,248.8</b> | <b>14,163.7</b> | <b>19,636.1</b>     |

\*Projected

**Pictured above:** The amount of money withdrawn from state savings accounts since FY 14.

# OUR CURRENT FISCAL SITUATION

Source, Legislative Finance Division



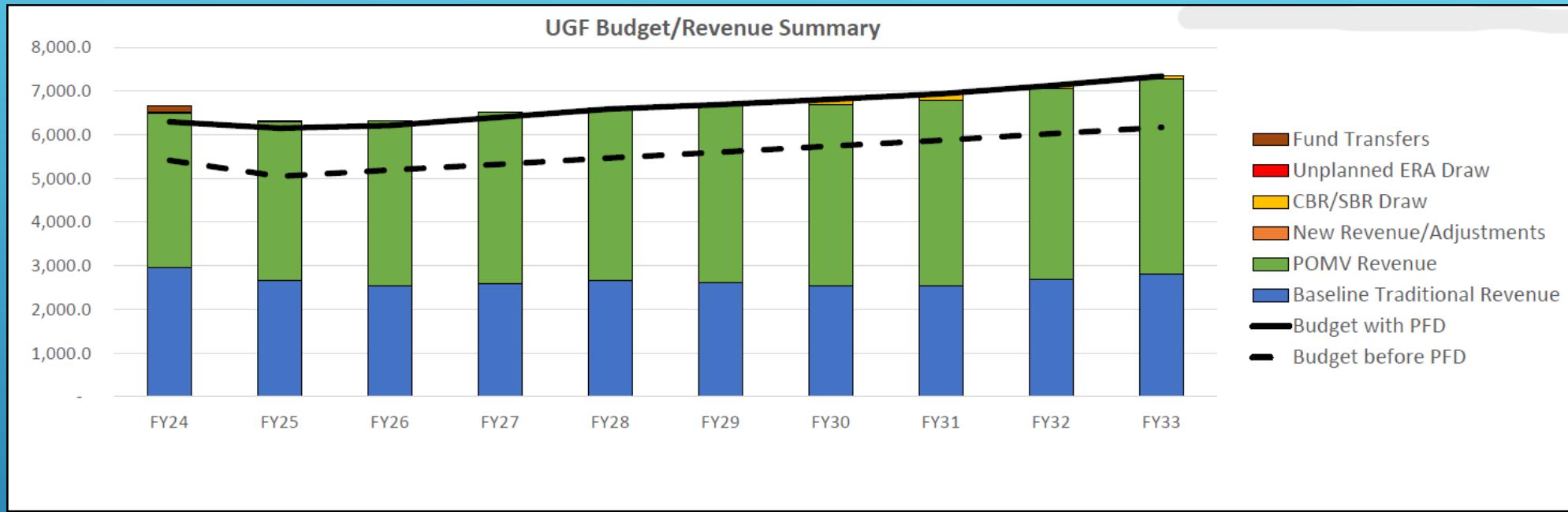
- Per this fiscal model, the size of the Dividend for FY 2025 would be \$1822!

# PROJECTED ROYALTY DIVIDEND SIZE

Source, Legislative Finance Division

| Legislative Finance Division Fiscal Model |   |                |                |                |                |                |                |                |                |                |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Scenario Summary<br>3/2/24                | FY25 Governor's Amended Budget with 2.5% annual agency operations and capital growth FY26+; \$50m annual supplementals; DOR Fall 2023 Revenue Forecast; 69% of total royalties to PFD FY25+ |                |                |                |                |                |                |                |                |                |
| Revenue Summary                           | FY24  | FY25           | FY26           | FY27           | FY28           | FY29           | FY30           | FY31           | FY32           | FY33           |
| Baseline Traditional Revenue              | 2,959.5   | 2,651.2        | 2,542.3        | 2,585.8        | 2,659.3        | 2,609.2        | 2,548.2        | 2,547.5        | 2,687.5        | 2,809.9        |
| POMV Revenue                              | 3,526.0   | 3,657.2        | 3,785.7        | 3,942.8        | 3,954.9        | 4,041.7        | 4,136.8        | 4,246.3        | 4,359.1        | 4,476.0        |
| New Revenue/Adjustments                   | 41.5  | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Total Revenue</b>                      | <b>6,527.0</b>  | <b>6,308.4</b> | <b>6,328.0</b> | <b>6,528.6</b> | <b>6,614.2</b> | <b>6,650.9</b> | <b>6,685.0</b> | <b>6,793.8</b> | <b>7,046.6</b> | <b>7,285.9</b> |
| Budget Summary                            | FY24  | FY25           | FY26           | FY27           | FY28           | FY29           | FY30           | FY31           | FY32           | FY33           |
| LFD Budget Baseline                       | 5,306.9   | 5,105.9        | 5,246.4        | 5,381.5        | 5,527.3        | 5,660.5        | 5,799.8        | 5,934.9        | 6,084.4        | 6,236.8        |
| Scenario Changes                          | 105.4   | (54.9)         | (56.3)         | (57.7)         | (59.1)         | (60.6)         | (62.1)         | (63.7)         | (65.3)         | (66.8)         |
| <b>Total Budget before PFD</b>            | <b>5,412.3</b>  | <b>5,051.0</b> | <b>5,190.1</b> | <b>5,323.8</b> | <b>5,468.2</b> | <b>5,599.9</b> | <b>5,737.7</b> | <b>5,871.2</b> | <b>6,019.1</b> | <b>6,170.0</b> |
| <b>Surplus/(Deficit) before PFD</b>       | <b>1,114.7</b>  | <b>1,257.4</b> | <b>1,137.8</b> | <b>1,204.8</b> | <b>1,146.0</b> | <b>1,051.0</b> | <b>947.3</b>   | <b>922.5</b>   | <b>1,027.5</b> | <b>1,115.9</b> |
| <b>PFD Appropriation</b>                  | <b>881.5</b>  | <b>1,101.5</b> | <b>1,022.5</b> | <b>1,073.7</b> | <b>1,118.9</b> | <b>1,091.2</b> | <b>1,071.6</b> | <b>1,065.0</b> | <b>1,104.6</b> | <b>1,173.6</b> |
| Per Person                                | \$ 1,312  | \$ 1,822       | \$ 1,516       | \$ 1,594       | \$ 1,658       | \$ 1,610       | \$ 1,576       | \$ 1,563       | \$ 1,620       | \$ 1,721       |
| <b>Pre-Transfer Surplus/(Deficit)</b>     | <b>233.2</b>  | <b>155.9</b>   | <b>115.3</b>   | <b>131.1</b>   | <b>27.1</b>    | <b>(40.2)</b>  | <b>(124.4)</b> | <b>(142.5)</b> | <b>(77.1)</b>  | <b>(57.7)</b>  |
| Fund Transfers                            | 123.8   | 5.3            | -              | -              | -              | -              | -              | -              | -              | -              |
| Net Savings Deposit/(Draw)                | 109.4   | 150.6          | 150.6          | 115.3          | 131.1          | 27.1           | (40.2)         | (124.4)        | (142.5)        | (57.7)         |
| CBR/SBR Ending Balance                    | 3,205.8   | 3,466.9        | 3,699.5        | 3,954.4        | 4,110.9        | 4,203.5        | 4,213.3        | 4,205.0        | 4,263.7        | 4,344.8        |
| Remaining Gap after CBR/SBR               | -   | -              | -              | -              | -              | -              | -              | -              | -              | -              |

**Pictured above:** Projections for the size of the dividend using this new formula.



**Pictured Above:** Projected UGF Budget and Revenue using this new formula until FY 33.

## PROJECTED BUDGET AND REVENUE OUTLOOK

# WHY IS HB 266 IMPORTANT?

- It gets back to the original purpose of the PFD payout program, by compensating Alaskans for their subsurface and mineral rights
- It enables a more stable structure for calculating yearly state budgets
- It incentivizes greater development of natural resources to meet Alaskans PFD needs and desires
- It incentivizes a more robust tax structure on natural resource development projects to ensure that Alaskans continue to receive a robust PFD

# THANK YOU FOR CONSIDERING HB 266

Feel free to reach out to my office to continue the conversation!

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907-452-6084

