AN ALTERNATIVE DIVIDEND FORMULA HB 114

Rep Ashley Carrick, Bill Sponsor

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WHO OWNS ALASKA'S RESOURCES?

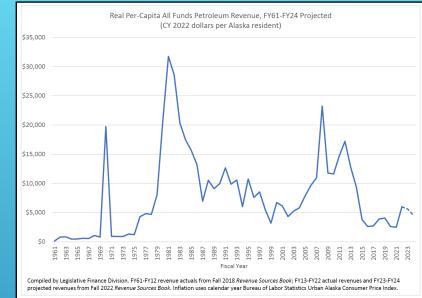
- Alaska's subsurface mineral rights are owned by Alaskans collectively, not by Alaskans individually.
- From Governor Hammond:
 - "I believed the best, perhaps the only, way to meet our constitutional mandate to manage our natural resources for the maximum benefit of all the people was to grant each citizen an ownership share in Alaska's resource wealth to be used as they, not the government, felt was for their maximum benefit*."
- The Dividend is Alaskans' individual share of our collective revenues from our resource development.

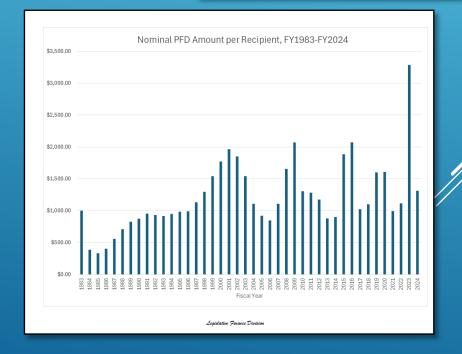
The current 1982 statutory formula, and all proposed POMV formulas, are based off the performance of the permanent fund itself rather than the direct performance of resource development.

THE CURRENT DIVIDEND PROGRAM

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

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





SPECIFICS OF THE BILL

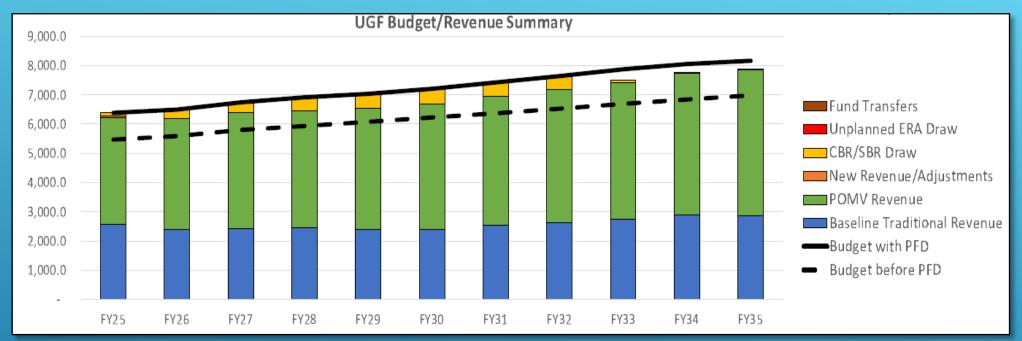
- HB 114 gives Alaskans a direct stake in our resource development while reducing budgetary volatility.
- It repeals the unsustainable 1982 dividend formula and replaces it with a formula that designates all royalty revenue not already constitutionally dedicated or statutorily designated to the dividend
- This decouples more volatile revenue from our budgeting process allowing for greater stability in annual budgeting.
- Additionally, it allows Alaskans the ability to contribute portions of their dividend to the general fund or to the permanent fund if they choose.
- Allows for potentially larger annual dividend payments.

- \$1702 dividend per Alaskan in FY 25.
- Modest deficit in FY25 of \$130 million compared to \$1.5 billion with existing dividend formula.

PROJECTED ROYALTY DIVIDEND SIZE

Legislative Finance Division Fiscal Model											
Scenario Summary 2/19/25 FY 26 LFD Budget Baseline with 2.5% annual agency operations and capital growth; \$50M annual supplementals; DOR Fall 2024 Revenue Forecast; 59% of total royalties to PFD FY26+											
Revenue Summary	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Baseline Traditional Revenue	2,571.3	2,399.9	2,419.1	2,449.1	2,396.8	2,405.1	2,550.2	2,641.5	2,736.9	2,893.8	2,871.9
POMV Revenue	3,657.2	3,798.9	3,979.7	4,018.2	4,136.3	4,267.5	4,402.8	4,540.5	4,683.4	4,832.5	4,987.3
New Revenue/Adjustments	32.4	-	-	-	-	-	-	-	-	-	-
Total Revenue	6,260.9	6,198.8	6,398.9	6,467.3	6,533.1	6,672.6	6,953.1	7,182.0	7,420.2	7,726.3	7,859.2
Bud at Comment	FVAF	EVA.C	F.V.2.7	EV20	EVA A	EVO	EV24	EV22	rvaa	EV2.4	FVAF
Budget Summary	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
LFD Budget Baseline	5,473.8	5,589.2	5,795.8	5,934.0	6,076.3	6,226.0	6,370.2	6,524.0	6,691.8	6,843.1	6,983.8
Scenario Changes	-	-	-	-	-	-	-	-	-	-	-
Total Budget before PFD	5,473.8	5,589.2	5,795.8	5,934.0	6,076.3	6,226.0	6,370.2	6,524.0	6,691.8	6,843.1	6,983.8
Surplus/(Deficit) before PFD	787.1	609.6	603.1	533.3	456.8	446.6	582.8	658.0	728.5	883.2	875.4
PFD Appropriation	914.3	908.6	943.0	978.5	955.0	977.8	1,052.5	1,120.1	1,178.6	1,210.7	1,187.4
Per Person	\$ 1,702	\$ 1,355	\$ 1,412	\$ 1,464	\$ 1,425	\$ 1,459	\$ 1,573	\$ 1,675	\$ 1,764	\$ 1,812	\$ 1,775
Pre-Transfer Surplus/(Deficit)	(127.2)	(299.1)	(339.9)	(445.1)	(498.2)	(531.2)	(469.7)	(462.2)	(450.1)	(327.5)	(312.0)
Fund Transfers Net Savings Deposit/(Draw)	4.3 (131.5)	6.6 (305.7)	(339.9)	(445.1)	(498.2)	(531.2)	(469.7)	(462.2)	(70.7)	(35.8)	(35.2)
CBR/SBR Ending Balance Remaining Gap after CBR/SBR	3,007.0	2,858.0	2,619.1 -	2,266.1 -	1,848.7 -	1,385.3	970.4 -	550.7 -	515.8 (379.5)	515.2 (291.8)	515.2 (276.7)

Pictured above: Projections for the size of the dividend using the dividend formula in HB 114.



Pictured Above: Projected UGF Budget and Revenue using this new formula until FY 35.

PROJECTED BUDGET AND REVENUE OUTLOOK

WHY IS HB 114 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 114

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

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