

# ALASKA STATE LEGISLATURE

## SESSION

State Capitol, Rm. 30  
Juneau, Alaska 99801-1182  
(907) 465-3873 Phone  
(907) 465-3922 Fax  
(877) 463-3873 Toll Free  
Sen.Bert.Stedman@akleg.gov



## INTERIM

1900 1<sup>st</sup> Ave.  
Suite 310  
Ketchikan, AK 99901-6442  
Phone (907) 225-8088  
Fax (907) 225-0713  
[www.BertStedman.com](http://www.BertStedman.com)

## SENATOR BERT K. STEDMAN

### SPONSOR STATEMENT

#### **SJR 9 - Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and to appropriations from the Alaska permanent fund.**

SJR 9 places the question before voters whether to amend the Constitution for the State of Alaska to:

- Guarantee a reliable and fair dividend for Alaskans.
- Conservatively and sustainably limit any draw from the Permanent Fund to an annual 4.5%.

SJR 9 would protect and grow the Permanent Fund and our dividend in several very important ways:

**First**, it constitutionally requires a payout of 2.0% of the average market value of the Fund's previous 5 fiscal years. Current estimates using this new dividend formula would provide roughly \$1,700 in the first year.

**Second**, it allows, but does not require, a draw from the Permanent Fund to the general fund of 2.5% of the average annual market value of the Permanent Fund's previous 5 fiscal years.

**Third**, it deposits the balance of the Earnings Reserve Account into the Fund's principal and requires all future earnings of the Fund to remain in the Fund and consequently, be constitutionally protected from legislative appropriations.

Once the 2.0% has been allocated to dividends, the legislature has the flexibility to examine current financial conditions of Alaska and appropriate the remaining 2.5% to augmenting the dividend, reinvestment in the permanent fund, or core government services. For the next few years, it's expected that the 2.5% will be used for government services.

Constitutionally limiting the amount for use by the legislature will ensure downward pressure is kept on the budget. SJR 9's fiscally conservative approach will restrict the flow of cash from the fund that can be used by the legislature to a fixed and constitutionally defined amount.

SJR 9 and its percent-of-market-value framework maintains the stability of the fund and will allow the Alaska Permanent Fund Corporation to continue to invest and manage the fund for growth as it has for decades. Our dividends will once again be linked to the investment success of the fund and as the fund grows, so too will the dividend.

#### District R

*Angoon • Coffman Cove • Craig • Edna Bay • Elfin Cove • Hollis • Hoonah • Hydaburg • Hyder • Kake • Kasaan  
Ketchikan • Klawock • Klukwan • Kupreanof • Metlakatla • Meyers Chuck • Naukati • Pelican • Petersburg  
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