



REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE ♦ DISTRICT 28

Anchorage ♦ Glen Alps ♦ Rainbow ♦ Indian ♦ Bird ♦ Girdwood ♦ Portage

House Bill 224 Sponsor Statement Version: SSHB 224

Short Title: State Planning & Budget; Perm Fund; PFD

House Bill 224 is a long-range fiscal plan that balances Alaska's budget, protects the Permanent Fund, pays dividends, and maintains our savings accounts without imposing personal income taxes.

The bill promotes a simple, common sense, and responsible balance of spending discipline, revenues, Permanent Fund earnings, and using other savings. Specifically, HB 224 requires a balanced budget; adopts a modern endowment model for the Permanent Fund; directs lawmakers to use Permanent Fund investment earnings to make up budget deficits before imposing income taxes on working Alaskans; preserves Permanent Fund Dividends; and deposits any future surpluses into savings.

Adopting the modern endowment management model ensures that the value of the Permanent Fund is protected against inflation. This model makes 4.5% of the value of the fund available each year for appropriation. The principal of the fund will still be permanently protected from spending.

Permanent Fund earnings available for appropriation must first be used to eliminate any budget deficit. The legislature retains the ability to also utilize new taxes, borrowings, fees, or other revenue raising measures, as well as making draws from our savings accounts. Once the budget is balanced, the excess Permanent Fund earnings are used to pay dividends to Alaskans.

Paying dividends after balancing the budget establishes a direct connection between Alaska citizens and legislative spending decisions. This connection motivates legislators to control spending growth.

When funds are available to pay dividends, those dividends are capped at an amount between \$250 and \$2,000 indexed on the amount of money on deposit in the Constitutional and Statutory Budget Reserves. The bill prohibits a personal income tax on working people at the same time dividends are being paid.

House Bill 224 respects and implements the intent of Alaskans who voted to establish the Permanent Fund as a "rainy day fund" set aside to provide necessary public services when our oil and gas revenues decline.