

HB 224 – Fiscal Plan

The Common-Sense Solution

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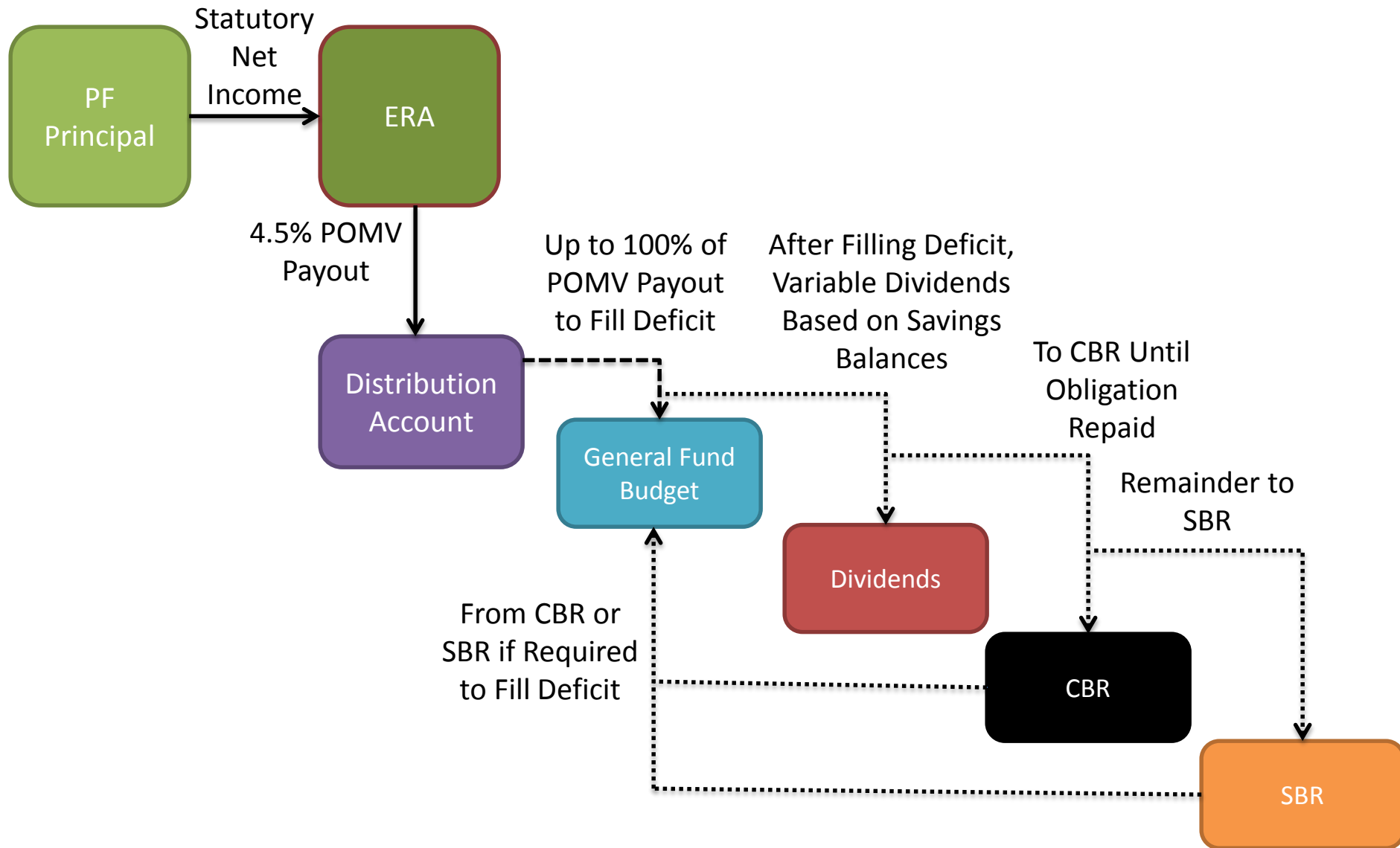
Mission Accomplished

- Long-term balanced budget solution
- Increasing Permanent Fund balance
- Responsible and affordable level of future dividends
- Strong budget reserves maintained
- A simple and common-sense structure
- No personal income taxes to pay dividends

Structure

- 4.5% statutory endowment from Permanent Fund earnings
- Endowment proceeds first used to balance budget
- Any excess money split between dividends and savings funds
- Savings funds used to stabilize the budget when revenue swings

HB 224 Cash Flow



Fiscal Plan

- 4.5% statutory endowment from Permanent Fund earnings used to balance budget
- Significant up-front reduction in government spending
- Some new up-front taxes to share economic burden of solution
- \$1.4 billion appropriated in FY16 used to guarantee dividends for next two to four years
- Future dividend amounts depend on legislative decisions to hold spending down

House Bill 224 - Fiscal Framework

Simplified Ten-Year Fiscal Model

in Millions

Revised Feb. 6, 2016

		<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/24</u>	<u>6/30/25</u>	<u>6/30/26</u>
1	General Funds Budgets										
2	Revenue	2,690	3,121	3,230	3,211	3,273	3,231	3,176	3,160	3,146	3,146
3	Spending	(6,159)	(5,234)	(5,230)	(5,352)	(5,476)	(5,604)	(5,735)	(5,869)	(6,006)	(6,146)
4	(Deficit)	(3,469)	(2,113)	(2,000)	(2,141)	(2,203)	(2,373)	(2,559)	(2,709)	(2,860)	(3,000)
5											
6	Budget decisions	950	0	0	0	0	0	0	0	0	0
7	Inflation factor - 2.5% cumulative	0	(121)	(121)	(125)	(128)	(131)	(134)	(137)	(140)	(144)
8	Adjusted (deficit)	(2,519)	(2,234)	(2,122)	(2,265)	(2,331)	(2,504)	(2,693)	(2,846)	(3,000)	(3,144)
9											
10	Permanent Fund Endowment 4.5%	2,064	2,172	2,419	2,419	2,506	2,608	2,747	2,894	3,048	3,208
11	Remaining surplus (deficit)	(455)	(62)	297	154	175	104	54	48	48	64
12											
13	Draw from CBR	455	62	0	0	0	0	0	0	0	0
14	Appropriated to PFD fund	0	0	(297)	(154)	(175)	(104)	(54)	(48)	(48)	(64)
15	Transfer to CBR	0	0	0	0	0	0	0	0	0	0
16	Final surplus (deficit)	0	0	0	0	0	0	0	0	0	0
17											
18	Individual PFD (Actual \$)	1,000	1,000	424	219	250	149	78	69	68	91
19											
20											
21	CBR balance	6,895	7,177	7,536	7,913	8,309	8,724	9,160	9,618	10,099	10,604

Dividends could be increased in out-years by appropriations from the growing CBR.

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