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CS HJR 23 Fact Sheet

The Permanent Fund includes two portions – the **Principal** and the **Earnings Reserve Account (ERA)**. Once money is deposited into the Principal, it cannot be appropriated out. The ERA is available for appropriation by any Legislature for any purpose at any time by simple majority vote. As of January 31, 2018, the balance of the Principal is $49.2 billion and $16.8 billion for the ERA for a total "value" of $66 billion. https://apfc.org/

As it is now in law (not the constitution), the PFD is based on the average "**earnings**" over the past 5 years of the fund, with 50% of that amount going to the PFD. The **Percent of Market Value (POMV)** proposes to base the PFD on the total "**value**" of the fund versus the "earnings" of the fund. CS HJR 23 (otherwise referred to as the CS) proposes a POMV draw of 4.75%. The total draw would come from the ERA since the Principal cannot be touched. 33% of this draw ($813 million) would be used for PFD and 67% ($1.65 billion) for essential public services. This would result in a PFD this October of approximately $1,258 per qualified Alaskan.

Facts about the Permanent Fund and the CS

- Alaskans would vote on this resolution in November if the CS passes both the House and the Senate.
- The PFD is only in law (Alaska Statute) and not in the Alaska Constitution.
- The current formula for calculating the PFD was passed in 1982.
- The Principal of the Permanent Fund cannot be spent.
- The PFD is currently paid from the ERA (and the same for the CS).
- The ERA can be used for any purpose. If the ERA goes away, so does the PFD.
- Alaskans have never voted to constitutionalize the PFD.
- Without protection, future Legislatures can appropriate the full amount of the ERA, draining the fund, and thus eliminating the PFD.
- CS HJR 23 would protect the ERA by limiting appropriations to a sustainable level of 4.75% annually.
- The Legislature "shall" appropriate the 4.75% draw to the general fund.
- The Legislature "may" appropriate 33% of the 4.75% draw to dividends, leaving 67% for public services.
- "Shall" implies mandated, and "may" implies subject to appropriation by the Legislature. Mandating the amount or percentage to PFD will likely trigger lawsuits.
- The total fund is estimated to earn 6.5% annually, so the amount for the PFD under the CS would increase over time.