

ALASKA LEGISLATURE

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Sponsor Statement | HB 31

House Bill 31 transfers \$5.5 billion from the Alaska Permanent Fund's Earnings Reserve Account into the Permanent Fund's Principal to be protected in perpetuity for future generations of Alaskans. In straight-up terms, HB 31 sweeps a huge amount of cash off the table, protecting it forever as an asset for future Alaskans.

As a primer, the Alaska Permanent Fund has two separate accounts: the Principal (protected savings that can never be spent) and the Earnings Reserve Account (available to appropriation by a simple majority of legislators). By making a one-time \$5.5 billion transfer from the Earnings Reserve Account to the Principal, HB 31 helps protect the real value of the Permanent Fund from irresponsible or short-sighted spending.

The \$5.5 billion figure in HB 31 is informed by 2018 Department of Revenue models that forecast Permanent Fund earnings and market behavior through FY 2027. A \$5.5 billion transfer strikes a balance by leaving sufficient funds in the Earnings Reserve Account for PFDs and public services within the framework of law (SB 26), while protecting excess funds in perpetuity in the Principal.

HB 31 addresses the urgent and bipartisan goal of protecting the real value of the Permanent Fund for future generations, and protecting the Permanent Fund from the short-term political and fiscal pressures of Alaska's budget crisis.