



HJR 7: Amending Constitution re Permanent Fund

HB 73: Statutory 50/50 PFD Formula

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House Joint Resolution 7 – Constitutional POMV / PFD

- Protects the Permanent Fund from ad hoc spending and inflation
- Engage Alaskans in major fiscal decisions by requiring a vote of the people
- Provide Alaskans a fair share of their resource wealth & investment earnings
- Ensure the Permanent Fund and PFD are sustainable into the future

House Bill 73 – Statutory 50/50 PFD

- HB 73 works in concert with the constitutional PFD provision in HJR 7
- 50 percent of the annual POMV is allocated for the distribution of PFDs
- Involves the people through an advisory vote on the proposed statutory formula reform

HJR 7: Objectives

- Protect the Permanent Fund to ensure it lasts forever
- Constitutionally Protect the PFD
- Adopt a one account structure for Permanent Fund
- Eliminate potential that Earnings Reserve Account is depleted
- Engages Alaskans – public approves changes to PFD allocations



- Permanent Fund transitions to a single, protected account
- Adds Percent of Market Value (POMV) distribution method to the constitution
- Establishes the Permanent Fund Dividend (PFD) in the constitution
 - PFD allocation specified by the Legislature in statute
 - Any change to PFD program must be approved by a vote of the people

HJR 7: Considerations for Distribution Percentage

- Legislature establishes the distribution percentage in statute
 - POMV is currently 5% of the lagging 5-Yr average market value
- Limits spending while allowing the fund to grow to keep up with inflation
- Spend only the real return over time.
 - Example:
 - Total return: 7%
 - Inflation: 2%
 - Real return: 5%
- Limiting spending to 5% inflation-proofs the Permanent Fund



- The annual 5 percent POMV draw is allocated:
 - 50% is allocated to the PFD
 - 50% is allocated to the general fund
- Schedules an advisory vote on the PFD formula to be held 90 – 120 days after adjournment

- Protects Alaska's primary source of state general fund revenue
- Preserves long-term value of the fund by limiting annual draw
- Reestablishes the critical link between the people and their government by providing every Alaskan a share of the state's natural resource wealth
- Ensures that Alaskans have a voice in future decisions regarding the permanent fund