

ALASKA STATE LEGISLATURE

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Sectional Analysis Senate Joint Resolution 302

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“Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund, creating the sustainable dividend account and power cost equalization account in the permanent fund, and relating to a dividend for state residents.”

Section 1: Amends Article IX, section 15, of the Alaska State Constitution, redesignating this section as 15(a):

- Changes the existing language to clarify that 25 percent of all earnings of the Alaska Permanent Fund are placed into the principal.
- Creates the Sustainable Dividend Account and the Power Cost Equalization Account within the Permanent Fund.
- The income-producing investments of the Permanent Fund and these two new subaccounts shall be designated by law.
- Requires the principal and income earnings of the fund and the two new subaccounts to be kept in the fund or subaccount.
- The legislature may appropriate from the fund and accounts only as provided in this section of the state constitution.

Section 2: Creates new subsections 15(b-e) under Article IX, pertaining to the percent of market values of the Permanent Fund, Sustainable Dividend Account, and the Power Cost Equalization Account:

- b. The legislature may appropriate up to 4.5 percent of the average market value from the Alaska Permanent Fund to the General Fund each fiscal year. This subsection protects the Sustainable Dividend and Power Cost Equalization Accounts from general fund spending.
- c. The legislature shall appropriate 5 percent of the average market value of and from the Sustainable Dividend Account each fiscal year to pay dividends to eligible Alaska residents.

- d. The legislature shall appropriate 5 percent of the average market value of and from the Power Cost Equalization Account each fiscal year. This appropriation shall be used for the payment of energy subsidies, capital improvements to energy infrastructure to rural communities, community assistance payments, and renewable energy projects.
- e. Establishes the average market value of the Permanent Fund, the Sustainable Dividend and Power Cost Equalization Accounts. The average market value of the whole fund includes the value of the Sustainable Dividend and Power Cost Equalization Accounts. The value is calculated using the average value for the preceding five fiscal years, excluding the fiscal year that had just ended. The value of the whole fund and the subaccounts shall be calculated on the last day of the fiscal year.

Section 3: Adds a new Section 18 under Article IX of the Alaska Constitution:

- Sets a minimum divided payment of \$1,200 to eligible Alaska residents; and
- Requires the legislature to appropriate the amount necessary to meet the \$1,200 dividend if the Sustainable Dividend Account does not have enough to provide for the \$1,200 dividend on its own.

Section 4: Adds a new Section 30 under Article XV of the Alaska Constitution, to establish transitional language for the Permanent Fund amendments above, and the establishment of the Sustainable Dividend and Power Cost Equalization Accounts:

- a. On June 30, 2023, the balance of the Earnings Reserve Account shall be deposited into the Permanent Fund principal. This amount shall be the unencumbered balance of the account on Sept 30, 2022, or June 30, 2023, whichever is greater.
- b. On June 30, 2023, the legislature shall appropriate from the Permanent Fund principal to the Sustainable Dividend Account the amount that would have been paid under the current statutory dividend formula from fiscal years 2017 through 2023. This amount transferred to the Sustainable Dividend Account includes the earnings and interest accrued during that time.
- c. On June 30, 2023, the balance of the Power Cost Equalization Endowment Fund shall be deposited in the Power Cost Equalization Account within the Permanent Fund.
- d. The revised and expanded Article IX Section 15 of the Constitution takes effect Fiscal Year 2024.
- e. Provides transitional flexibility for determining by law the average market value of the Sustainable Dividend and Power Cost Equalization Accounts.

Section 5: This constitutional amendment shall appear on the general election ballot following passage of this legislation.