

The background of the entire image is a dense, overlapping field of three-dimensional numbers (0-9) in various shades of light blue. The numbers are rendered with soft shadows, giving them a sense of depth and volume. They are scattered across the frame, with some appearing larger and more prominent than others, creating a complex, textured visual field.

# HJR 403

A New Vision for Alaska's  
Fiscal Future

# A New Vision for Alaska's Fiscal Future

- ◆ What is the Goal of A Spending Cap?
  - ◆ Restrain Spending
  - ◆ Save/Return Excess Revenue
  - ◆ Cuts or New Revenues Necessary to Expand Services



# A New Vision for Alaska's Fiscal Future

- ◆ What are the Challenges of A Spending Cap?
  - ◆ Crafting Durable, Multi-Year Formula
  - ◆ Crises/Funding Shortfalls/Windfalls
  - ◆ Political Agreement on Formula, Definitions, Priorities

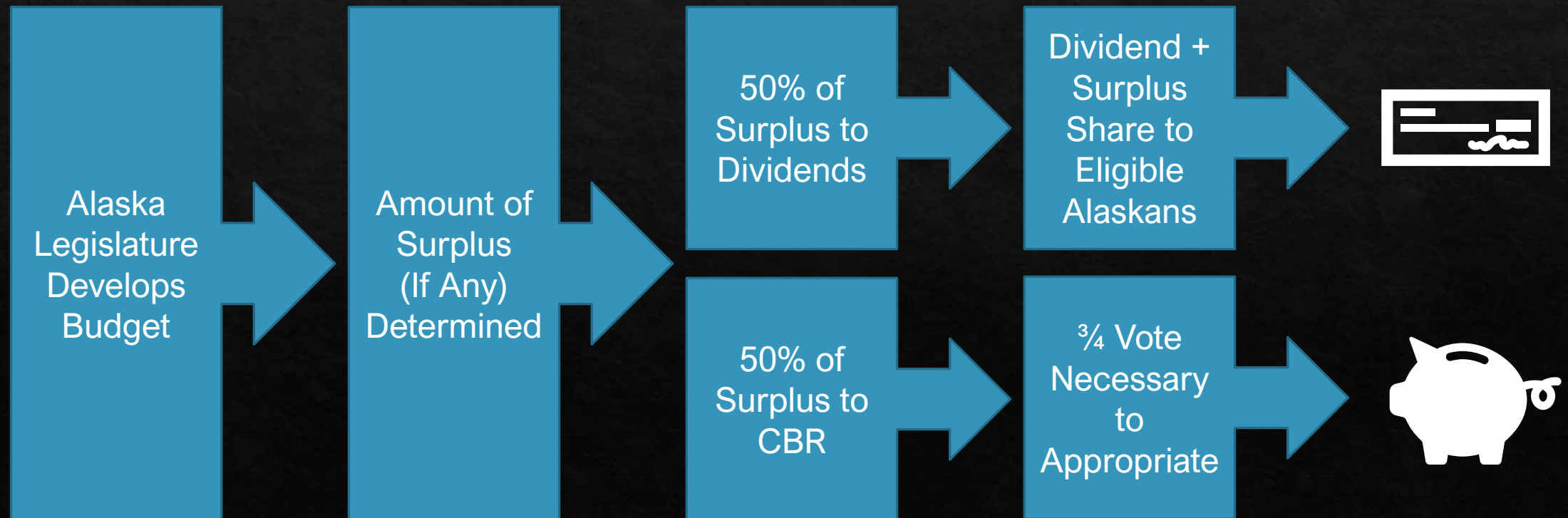
# A New Vision for Alaska's Fiscal Future

## ◆ HJR 403

- ◆ A “Political” Spending Cap
- ◆ Strengthens “Owner State” Principles
- ◆ No Complex Formulas in the Constitution
- ◆ Transparency, Flexibility & Accountability

# A New Vision for Alaska's Fiscal Future

## ◇ How HJR 403 Would Work:





# A New Vision for Alaska's Fiscal Future



## Incentivize Savings

- Defining “Spending Cap”  
Formula is Difficult
- Spending Cap without a  
Complex Formula
- Surpluses Split Between  
Alaskans and “Rainy Day” Fund



## Grow the Dividend

- Apply “Owner State” Principles  
to Spending Priorities
- Alaskans Benefit from Leaders’  
Fiscal Prudence
- New Spending must be  
Justified, Defended



## Remove Roadblocks

- Remove “Sweep” Provision  
Replace with Surplus  
Sharing/Savings
- Transparency, Flexibility &  
Accountability

# A New Vision for Alaska's Fiscal Future

- ◆ What Wouldn't Change:
  - ◆ CBR Remains “Rainy Day” Fund
  - ◆  $\frac{3}{4}$  Vote Necessary to Appropriate from CBR
  - ◆ Legal Proceeds Deposited in CBR
  - ◆ Constitution's Dedicated Fund Prohibition

# A New Vision for Alaska's Fiscal Future

## ◆ What Would Change:

- ◆ Alaskans receive share of future State Surpluses

  - ◆ “Surplus” defined in Statute

- ◆ Potential new funding stream for Dividends

- ◆ “Sweep” Provision Replaced with Saving/Sharing



# A New Vision for Alaska's Fiscal Future

## ◆ Challenges:

- ◆ Defining “Surplus” in Statute
- ◆ Calculating Surplus in time for Dividend Distribution
- ◆ Maintaining CBR without “Sweep”

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- ◆ HB 326 - FY 2010 Supplemental Budget

- ◆ Page 22, Line 21 – Section 18:

- ◆ “The amount available in the general fund at the end of the fiscal year ending June 30, 2010, after all other appropriations have been made, is appropriated from the general fund to the budget reserve fund”

# A New Vision for Alaska's Fiscal Future

- ◆ “Fifty percent of the amount available in the general fund at the end of the fiscal year ending June 30, 2023, after all other appropriations have been made, is appropriated from the general fund to the budget reserve fund.”
- ◆ “Fifty percent of the amount available in the general fund at the end of the fiscal year ending June 30, 2023, after all other appropriations have been made, is appropriated from the general fund to the dividend fund for the payment of permanent fund dividends.”



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# ◆ HJR 402:

## A RESOLUTION

1     **Proposing amendments to the Constitution of the State of Alaska relating to payment of**  
2     **a dividend to eligible state residents.**

**3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4       \* **Section 1.** Article IX, Constitution of the State of Alaska, is amended by adding a new  
5       section to read:

6                   **Section 18. Dividend.** Each fiscal year, the legislature shall make an  
7                   appropriation for the payment of a dividend to eligible residents of the State,  
8                   according to a formula set out in law.

# A New Vision for Alaska's Fiscal Future

- ◆ HJR 402 - Accountability:
  - ◆ There shall be a dividend
  - ◆ The dividend shall be paid according to a formula in state law
  - ◆ Alaska's Owner State Principles in Action

# A New Vision for Alaska's Fiscal Future

## ◆ HJR 402 - Flexibility:

- ◆ Dividends may be paid from any funding source

  - ◆ PF Earnings, Oil & Gas Revenues, General Fund

- ◆ Formula & Eligibility Statutes may be amended

  - ◆ Future legislators may change program to meet new challenges or opportunities



# A New Vision for Alaska's Fiscal Future

- ◆ What Wouldn't Change:
  - ◆ Statutes detailing Eligibility for Dividends
  - ◆ Permanent Fund Corporation
  - ◆ Formula statute can be amended

# A New Vision for Alaska's Fiscal Future

## ◆ What Would Change:

- ◆ Legislature must follow dividend formula – or change the law
- ◆ Constitutional mandate that dividends be paid every year