REPRESENTATIVE BEN CARPENTER

Session:

State Capitol Building,
Room 24
Juneau, AK 99801

Interim:

145 Main St. Loop,
Room 223
Kenai, AK 99611

House of Representatives
DISTRICT 8

House Bill 110 - PERM FUND; XFER DIVIDEND PROG TO APFC

Sponsor Statement

For almost thirty years, Alaskans could count on their annual dividend checks as the state legislature followed the law that directed the dividend to be paid by a statutory formula. Since 2017, the permanent fund dividend has been subjected to the budget process, where the dividend competes with government spending and cutting the dividend often becomes the deficit reduction solution.

HB 110 returns the permanent fund dividend to a statutory transfer and takes it out of the appropriation process.

HB 110 ensures the growth of the permanent fund. HB 110 eliminates one of two potentially conflicting sections of statute that calculate income available for distribution from the permanent fund. The remaining calculation of income available for distribution from the permanent fund will be a five-year average of five percent of market value of the fund.

HB 110 preserves Governor Hammond's vision of the dividend being the first call on the distribution from the fund. The first call on the distribution will be for the required payment of dividends of fifty percent of the POMV draw.

HB 110 preserves the corpus of the permanent fund. After the required dividend payment, the remainder of the fifty percent POMV allowable draw, or the balance of the earnings reserve fund, whichever is less, will be available for government spending.

HB 110 transfers the administration of the permanent fund dividend from the department of revenue to the permanent fund corporation. The dividend fund will therefore be transferred to the permanent fund corporation.

While an amendment to Alaska's Constitution in needed to enable a constitutional dedication of income from the permanent fund, HB 110 makes the intent of the legislature to pay a dividend by statute clear.