

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 Joint Resolution 8 – CONST AM: GUARANTEE PERM FUND DIVIDEND

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. The trust between the government and the people of Alaska was broken in 2016 when Governor Walker vetoed a portion of the annual dividend and the Alaska Supreme Court ultimately determined that dividends were subject to the annual appropriations process. While the legislature could choose to follow the law and appropriate the dividend according to statute and separate it from the budget, they have not done so. Instead, the permanent fund dividend has been subjected to the budget process, where the dividend competes with government spending and often becomes the deficit reduction solution.

House Joint Resolution 8 aims to enshrine the PFD program in the Alaska Constitution to create stability for Alaskans who rely on their annual dividend, and to create stability for the long-term fiscal plan of the state. Without stability, those who receive state funding, through the dividend or from government programs, cannot plan for their businesses or their lives for a duration of more than a year.

HJR8 adds protection against overspending of the Fund by moving the balance of the Earnings Reserve Account, which currently holds the Permanent Fund's investment earnings, into the Fund corpus, where all future earnings will be retained and thereby safeguarded from access.

HJR8 then limits the permissible draw from the Fund to five percent (5%) of a five-year averaged market value of the Fund. The people would then be apportioned either fifty percent (50%) of the draw value or the amount of the historic calculation formula—whichever is greater. In this way, the people will always receive first call on the earnings of the Fund, ahead of government. Failing to constitutionalize the PFD would enable a disproportionate distribution of Alaska's oil wealth to growing government at the expense of Alaskan citizens.

Neglecting to constitutionalize the PFD would permit lawmakers to continue avoiding their obligation to address the shortcomings of Alaska's fiscal and economic planning, placing the Permanent Fund at risk. Constitutionally enshrining the Permanent Fund Dividend will provide for the maximum benefit of all Alaskans and ensure the prosperity of the Permanent Fund for generations of Alaskans to come.