House Judiciary Committee, Member

House Ways & Means Committee, Member

House Military & Veterans' Affairs Committee, Member

Joint Armed Services Committee, Member

Alaska State Legislature

Representative Cliff Groh

While In Session
State Capitol
120 4th St.
Juneau, AK 99801
(907) 465-4998

While In Anchorage
1500 W. Benson Blvd.
Anchorage, AK 99503
(907) 269-0111

Sponsor Statement:
House Joint Resolution 9
POMV Appropriation Limit
Resolution to Propose Constitutional Amendment

When the Permanent Fund was created, it was structured as two accounts: the Principal and the Earnings Reserve Account (ERA). The Alaska Constitution prohibits the spending of the Principal without a vote of the people. However, profits generated by the fund are deposited into the ERA, which is entirely available for the Legislature to appropriate and spend. The current value of the ERA is approximately $16 billion. Overdraw of the ERA depletes the value of the entire Permanent Fund and leaves Alaska worse off. In 2018 the Legislature adopted statutes that allow appropriation up to an amount that maintains the growth of the fund. This plan is commonly known as the "Percent of Market Value" ("POMV") draw. Still, those statutes do not stop the Legislature from passing budgets that spend Permanent Fund earnings beyond than those sustainable limits. This resolution would send a proposed amendment to Alaska voters to enshrine this policy in the constitution.

The proposed constitutional amendment would combine the Permanent Fund Principal and the Permanent Fund Earnings Reserve Account into a single constitutionally protected account. Under this proposed amendment, the Legislature would be allowed to appropriate each year a maximum of five percent (5%) of the market value of that new constitutionally safeguarded account as calculated over the first five of the preceding six fiscal years. Experts have told the Legislature that these limits make that spending rate sustainable.

The Permanent Fund's Board of Trustees have recommended this change since 2003, and this constitutional amendment was also urged by the Fiscal Policy Working Group, a bipartisan and bicameral group of legislators that issued a report in 2021.

This measure is not and should not deal with the size of the Permanent Fund Dividend or what specific percentage of this appropriation is spent on state services. It neither encourages nor prevents legislators from pursuing those plans in the future. This merely prevents the state from overspending our renewable financial resource which ensures the permanence of our Permanent Fund.