



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

### COMMISSIONER'S OFFICE

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February 6, 2023

The Honorable Lyman Hoffman  
Senate Finance Committee, Co-Chair  
Alaska State Legislature  
State Capitol, Room 518  
Juneau, AK 99801

The Honorable Donald Olson  
Senate Finance Committee, Co-Chair,  
Alaska State Legislature  
State Capitol, Room 516  
Juneau, AK 99801

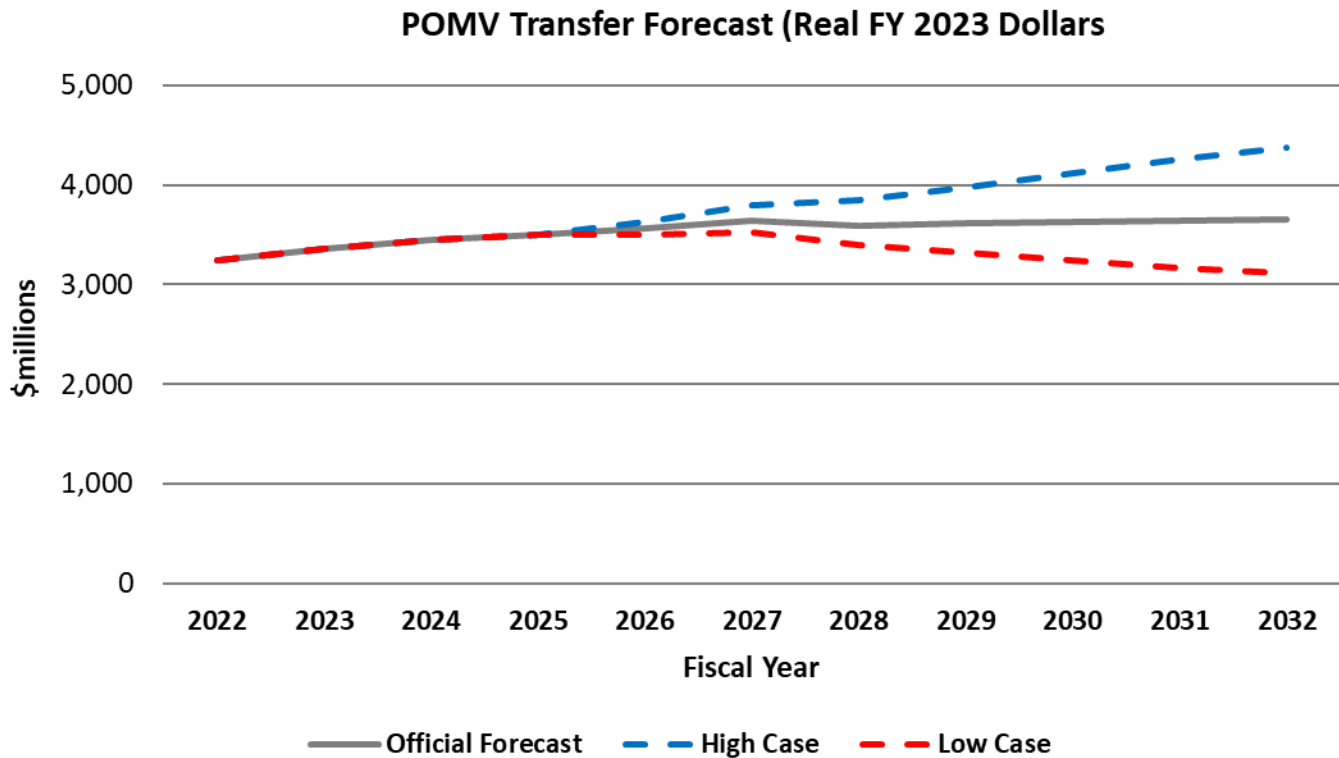
The Honorable Bert Stedman  
Senate Finance Committee, Co-Chair,  
Alaska State Legislature  
State Capitol, Rooms 508  
Juneau, AK 99801

Dear Co-Chairs Hoffman, Olson, and Stedman;

Thank you for allowing us the opportunity to address some of the questions that were raised during the Committee Question Response presentation to the Senate Finance Committee on January 31, 2023. Please find below the questions and corresponding responses.

**1. Provide the Percent of Market Value (POMV) Transfer Forecast chart with a high and low case for the POMV transfer that is adjusted for inflation.**

The following chart shows the Percent of Market Value (POMV) transfer forecast with the official forecast, the potential high case, and the potential low case in fiscal year (FY) 2023 real dollars. This chart assumes an inflation rate of 2.25% for FY 2024 all years after consistent with the Fall 2022 Forecast assumptions.



- 2. Please verify that the POMV transfer projection on Slide 2 matches the POMV transfer projection on Slide 3?**

The Department of Revenue verified that the official POMV transfer projection, in nominal terms, is consistent between both slides. Note that for Slide 2 in the January 31, 2023 presentation, we included lines for both real and nominal projections for the presentation to the committee. However, in an accompanying written response, only the real projection was included. We apologize for any confusion this may have caused.

- 3. How would the projection of the POMV transfer forecast change if the approximately \$9 billion of transfers from the Earnings Reserve Account to the Principal of the Permanent Fund over the past several years did not occur?**

The POMV transfer is calculated based on the total ending value of the fund, without regard to allocation between the Earnings Reserve and the Principal. The Principal and the Earnings Reserve Account are invested together using the same asset allocation. There is no difference in how funds are invested between the Earnings Reserve and the Principal. Thus, there would

be no difference in the POMV transfer forecast absent the transfers from the Earnings Reserve to the Principal.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Crum', with a stylized, flowing script.

Adam Crum  
Commissioner-Designee