

Alaska House of Representatives

Representative Calvin Schrage

Co-Chair: House Finance Committee

Session:

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House Joint Resolution 10 - Version A

Sponsor Statement

"A Resolution Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and to appropriations from the Alaska permanent fund."

House Joint Resolution 10 ("HJR 10") addresses the urgent and bipartisan goal of protecting the real value of the Alaska Permanent Fund ("Fund") for future generations. HJR 10 proposes a constitutional amendment to restructure the Fund by consolidating its two existing components, the Principal and the Earnings Reserve Account ("ERA"), into a single-fund endowment. Additionally, it establishes a Percent of Market Value (POMV) model, limiting annual appropriations to no more than 5% of the average market value over the first five of the preceding six fiscal years.

This restructuring is necessary to safeguard the funds long-term viability. The ERA is subject to market fluctuations and legislative appropriations, its balance can vary significantly from year to year, making long-term fiscal planning more challenging. This creates uncertainty, exposing the fund to potential overdrafts leaving the state with the risk of insufficient funds for its annual draw.

By adopting a constitutional POMV framework, HJR 10 ensures that withdrawals from the Fund remain predictable and disciplined. This approach stabilizes the Fund's earnings, protects its real value over time, and prevents unsustainable draws that could erode its purchasing power. The resolution also mandates that, by June 30, 2027, all unencumbered balances in the ERA will be transferred into the Fund's principal, further strengthening its protection.

By eliminating the uncertainty of the current two-account structure and implementing a sustainable single fund with a constitutionally protected draw limit, HJR 10 will provide greater financial stability for Alaska while ensuring that the Permanent Fund continues to benefit future generations.

March 14, 2025