

SENATE CONCURRENT RESOLUTION NO. 101
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SPECIAL SESSION

BY SENATOR PARNELL

Introduced: 5/23/99

Referred: Held on Secretary's Desk

A RESOLUTION

1 Relating to a state fiscal plan.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS declining oil production, low oil prices, inflation, and an increasing
4 population have resulted in a yearly budget deficit of approximately \$1,000,000,000 (\$1
5 billion); and

6 WHEREAS the original intent and purpose of Alaska's permanent fund was to save
7 a portion of Alaska's revenue from its petroleum resources, invest that revenue, and then use
8 the earnings from those investments to help provide government services in the future when
9 Alaska's revenue from its petroleum resources declined; and

10 WHEREAS the savings account that has filled this gap in recent years is projected to
11 be depleted by 2003; and

12 WHEREAS, in 1976, Alaskans foresaw the inevitable decline in Alaska's oil
13 production and created the Alaska permanent fund; and

14 WHEREAS the legislature recognizes that Alaskans place a high value on preserving
15 and protecting the Alaska permanent fund; and

16 WHEREAS the legislature and the governor recognize the public's desire to be
17 involved in any decisions involving the Alaska permanent fund's direction;

1 **BE IT RESOLVED** that if, in an advisory vote, voters approve the question of
2 whether a portion of the permanent fund earnings should be used to fund state government,
3 the legislature and the governor intend to implement a state fiscal plan that would include the
4 following:

5 (1) Protect the Permanent Fund: The principal of the Alaska permanent fund
6 will remain protected, and the Alaska permanent fund will be inflation-proofed first to protect
7 its value for all Alaskans, including future generations;

8 (2) Preserve the Dividend: Dividend payments to qualified Alaskans will be
9 continued, and the dividend will be allowed to grow with the market over time; a permanent
10 fund dividend will be guaranteed to be at least \$1,700 in 1999 and 2000; beginning in 2001,
11 dividends will be paid after inflation-proofing the Alaska permanent fund at a rate projected
12 to be equivalent to \$1,348 or higher; the dividend pool would be calculated at approximately
13 2.94 percent of the average value of the Alaska permanent fund;

14 (3) Spending Reductions: State general fund spending for fiscal years 2000
15 and 2001 will be reduced, and a meaningful constitutional spending limit will be implemented;

16 (4) Spending Restrictions: After first inflation-proofing the Alaska permanent
17 fund and paying for dividends and management, the remaining earnings will be prioritized to
18 fund public services in education, public safety, and transportation;

19 (5) Income Tax: No personal income tax is enacted by this plan;

20 (6) Accountability: Expenditures related to distributions from the earnings
21 reserve account will be disclosed with every Alaskan's permanent fund dividend check.