

**SENATE CONCURRENT RESOLUTION NO. 102**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - FIRST SPECIAL SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Introduced: 5/25/99**

**Referred: Held on Secretary's Desk**

**A RESOLUTION**

**1 Relating to an advisory vote and 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 create continuing annual budget deficits 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 use the  
**8** earnings from those investments to help provide essential public services in the future when  
**9** Alaska's revenue from its petroleum resources declined; and

**10 WHEREAS** the Constitutional Budget Reserve account that has filled the budget gap  
**11** in recent years is projected to be depleted by 2003; and

**12 WHEREAS** financial projections predict the depletion of this savings account will  
**13** jeopardize the continuation of the dividend program; and

**14 WHEREAS**, in 1976, Alaskans foresaw the inevitable decline in Alaska's oil  
**15** production and created the permanent fund; and

**16 WHEREAS** the legislature and the governor recognize that Alaskans place a high  
**17** value on preserving and protecting the permanent fund; and

1           **WHEREAS** the legislature and the governor recognize the public's desire to be  
2 involved in any decisions involving the permanent fund's direction;

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

7                   (1) Permanent Fund Protection: The principal of the Alaska Permanent Fund  
8 remains constitutionally protected and not subject to appropriation; additionally, the fund is  
9 inflation-protected to protect its value for all Alaskans, including future generations;

10                   (2) Dividend Preservation: After accounting for inflation-proofing, dividend  
11 payments to Alaskans are projected to grow with the market value of the permanent fund over  
12 time; permanent fund dividends will be guaranteed to be at least \$1,700 in 1999 and 2000, and  
13 beginning in 2001, the dividend will be based on 50 percent of the annual payment of the  
14 accounts that are combined to a new Alaska Income Account;

15                   (3) Spending Reductions: Continue state general fund budget reductions and  
16 commit to a long-term budget discipline and efficiencies;

17                   (4) Deposits to Permanent Fund: Provide for deposits into the principal of the  
18 Alaska Permanent Fund whenever the balance of the Alaska Income Account exceeds 40  
19 percent of the combined total of the principal of the Alaska Permanent Fund and the Alaska  
20 Income Account;

21                   (5) Calculation of Dividends and Funding for Essential Public Services: A  
22 new fund known as the Alaska Income Account would be established within the permanent  
23 fund; the Constitutional Budget Reserve Fund and the Earnings Reserve Fund would be  
24 combined to create the Alaska Income Account; dividends and the amount available to fund  
25 essential services are calculated after accounting for inflation-proofing of the permanent fund  
26 principal by multiplying the average market value of the Alaska Income Account and the  
27 Alaska Permanent Fund by 5.88 percent; this amount would be divided equally between  
28 dividends and essential public services;

29                   (6) Accountability: Expenditures related to distributions from the Alaska  
30 Income Account will be disclosed with every Alaskan's permanent fund dividend application;  
31 and

**1** (7) Income Tax: No personal income tax is enacted as part of this plan.

SCR \_\_\_\_\_ is read and approved this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

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Tony Knowles  
Governor, State of Alaska