

ALASKA STATE LEGISLATURE
SENATE JUDICIARY STANDING COMMITTEE

April 9, 2021

1:33 p.m.

MEMBERS PRESENT

Senator Lora Reinbold, Chair
Senator Mike Shower, Vice Chair
Senator Shelley Hughes
Senator Robert Myers

MEMBERS ABSENT

Senator Jesse Kiehl

COMMITTEE CALENDAR

SENATE JOINT RESOLUTION NO. 1

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

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SJR 1

SHORT TITLE: CONST AM: GUARANTEE PERM FUND DIVIDEND

SPONSOR(S): SENATOR(S) WIELECHOWSKI

01/22/21	(S)	PREFILE RELEASED 1/8/21
01/22/21	(S)	READ THE FIRST TIME - REFERRALS
01/22/21	(S)	STA, JUD, FIN
02/09/21	(S)	STA AT 3:30 PM BUTROVICH 205
02/09/21	(S)	Heard & Held
02/09/21	(S)	MINUTE(STA)
02/11/21	(S)	STA AT 3:30 PM BUTROVICH 205
02/11/21	(S)	Scheduled but Not Heard
03/02/21	(S)	STA AT 3:30 PM BUTROVICH 205
03/02/21	(S)	Moved SJR 1 Out of Committee
03/02/21	(S)	MINUTE(STA)
03/03/21	(S)	STA RPT 2NR 1AM
03/03/21	(S)	NR: SHOWER, REINBOLD
03/03/21	(S)	AM: KAWASAKI

03/24/21 (S) JUD AT 1:30 PM BUTROVICH 205
03/24/21 (S) Scheduled but Not Heard
03/29/21 (S) JUD AT 1:00 PM BUTROVICH 205
03/29/21 (S) Heard & Held
03/29/21 (S) MINUTE (JUD)
04/07/21 (S) JUD AT 1:30 PM BUTROVICH 205
04/07/21 (S) Heard & Held
04/07/21 (S) MINUTE (JUD)
04/09/21 (S) JUD AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

SONJA KAWASAKI, Staff
Senator Bill Wielechowski
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SJR 1.

KATHERINE UEI, representing self
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SJR 1 to constitutionally protect the PFD.

WILLY KEPPEL, representing self
Quinhagak, Alaska

POSITION STATEMENT: Testified in support of SJR 1 to provide a means for the public to have a voice.

MIKE COONS, representing self
Palmer, Alaska

POSITION STATEMENT: Testified in support of SJR 1 but suggested changing the draw to four percent.

KRISTA BURTON, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SJR 1.

BERT HOUGHTALING, representing self
Big Lake, Alaska

POSITION STATEMENT: Spoke in support of SJR 1 but voiced concern about eliminating the earnings reserve account.

KATHLEEN SHOOP, representing self
Palmer, Alaska

POSITION STATEMENT: Testified in support of SJR 1.

KEVIN HALL, representing self
Sterling, Alaska

POSITION STATEMENT: Testified in support of SJR 1 because the Permanent Fund belongs to the people.

MELISSA GUDOBBA, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of SJR 1 as a means to protect the Permanent Fund

ACTION NARRATIVE

[1:33:42 PM](#)

CHAIR LORA REINBOLD called the Senate Judiciary Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Myers, Shower, and Chair Reinbold. Senator Hughes arrived as the meeting was in progress.

SJR 1-CONST AM: GUARANTEE PERM FUND DIVIDEND

[1:34:34 PM](#)

CHAIR REINBOLD announced the consideration of SJR 1, SENATE JOINT RESOLUTION NO. 1, Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and appropriations from the Alaska permanent fund.

CHAIR REINBOLD asked if Section 1 would remove the Earnings Reserve Account on June 30, 2023.

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SONJA KAWASAKI, Staff, Senator Bill Wielechowski, Alaska State Legislature, Juneau, Alaska, agreed that Section 1 would eliminate the Earnings Reserve Account by collapsing it into the corpus of the Permanent Fund.

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CHAIR REINBOLD referred to Section 2, which would constitutionalize five percent of market value (POMV).

MS. KAWASAKI agreed that is correct.

CHAIR REINBOLD related her understanding that the payments of dividends could be calculated in two ways.

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MS. KAWASAKI explained that SJR 1 establishes that payments of dividends to Alaskans will be either by the calculation set by

the historic statutory formula, as constitutionalized, or fifty percent of the POMV, whichever would produce a dividend of greater value. In that sense, the people would get the first call. The remaining amount could be used to fund government services.

CHAIR REINBOLD explained that SJR 1 would require 50 percent to go to the people and 50 percent of the POMV would be spent on government.

MS. KAWASAKI reiterated the calculation was a comparison between the historic statutory formula and 50 percent of POMV.

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SENATOR SHOWER offered his view that under the current formula, in 2021, about \$2 billion would fund PFDs and the remaining \$1.5 billion would be left for government and inflation proofing. It would not quite be a 50:50 split.

CHAIR REINBOLD stated that SJR 1 would constitutionalize the five percent POMV. She offered her view that this will give a large portion of the permanent fund earnings to government. She asked if it would require a two-thirds vote by the legislature.

MS. KAWASAKI answered yes. The legislature would need to approve SJR 1 by a two-thirds vote.

CHAIR REINBOLD related her understanding that the question would be on the November 8, 2022, general election ballot. If approved, the earnings reserve account would be transferred to the principal of the fund on June 30, 2023. She referred to page 2, lines 15 through 18. She read:

(a) On June 30, 2023, the unencumbered balance of the earnings reserve account established by law shall be deposited in the Alaska permanent fund and become part of the principal of the fund.

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CHAIR REINBOLD opened public testimony on SJR 1.

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KATHERINE UEI, representing self, Soldotna, Alaska, spoke in support of SJR 1. She stated her support for the legislature to cut the budget. She expressed an interest in constitutionally protecting the PFD.

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WILLY KEPPEL, representing self, Quinhagak, Alaska, stated his support for SJR 1 since it will provide a means for the public to have a voice. He encouraged the Senate to pass it and put it before the voters. The budget and deficit need to be resolved, he said.

MIKE COONS, representing self, Palmer, Alaska, spoke in support of SJR 1. He said he liked the provisions in SJR 1. He offered his view that large numbers of Alaskans will support the resolution. If a fiscal note is required, it should be added. SJR 1 and the spending cap in SJR 5 at 2.5 percent would create a barrier that the legislature could not breach. This will protect the permanent fund dividend (PFD) and keep spending under realistic control. SJR 1 would establish a five percent of market value (POMV) but prefers four percent.

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KRISTA BURTON, representing self, Anchorage, Alaska, spoke in support of SJR 1. She asked members to please pass SJR 1.

[1:46:26 PM](#)

BERT HOUGHTALING, representing self, Big Lake, Alaska, spoke in support of SJR 1. He said that SJR 1 was the only measure before the legislature to protect the PFD by constitutionalizing the statutory formula. He expressed concern about combining the corpus and the ERA. He stated that the POMV draw seemed reasonable, but it could be lower. He suggested the POMV draw should be set at four percent to guarantee the fund's sustainability. He urged the committee to add a provision to inflation-proof the fund. He offered his view that the Permanent Fund rightfully belongs to Alaskans and giving a share to state departments does not meet the original purpose of the Permanent Fund.

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SENATOR HUGHES joined the meeting.

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KATHLEEN SHOOP, representing self, Palmer, Alaska, spoke in support of SJR 1.

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KEVIN HALL, representing self, Sterling, Alaska, spoke in support of SJR 1. He said he has been watching this issue since Governor Walker decided not to issue a PFD. The Permanent Fund belongs to the people and that is how it should remain, he said.

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CHAIR REINBOLD reconvened the meeting. She said she would accept public testimony via email at Senate.Judiciary@akleg.gov.

CHAIR REINBOLD closed public testimony on SJR 1.

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SENATOR SHOWER offered his view that many legislators would prefer not to combine the earnings reserve account (ERA) with the corpus of the Permanent Fund. One issue is that the legislature has spent \$16.5 billion from the CBR. As revenues decline, the legislature could decide to deplete it, he said. He cautioned members that leaving funds in the earnings reserve account means that the legislature can access the funds by a simple majority vote.

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CHAIR REINBOLD said she struggles with SJR 1 because she does not like the POMV provisions, but she would like SJR 1 to go before the people for a vote. She maintained her concern that a large portion of the draw would be deposited in the general fund for government spending. She stated her previous support for a full statutory PFD.

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MELISSA GUDOBBA, representing self, Wasilla, Alaska, spoke in support of SJR 1 as a means to protect the Alaska Permanent Fund.

[SJR 1 was held in committee.]

[1:58:16 PM](#)

There being no further business to come before the committee, Chair Reinbold adjourned the Senate Judiciary Standing Committee meeting at 1:58 p.m.