

ALASKA STATE LEGISLATURE
HOUSE JUDICIARY STANDING COMMITTEE

May 5, 2025

1:01 p.m.

MEMBERS PRESENT

Representative Andrew Gray, Chair
Representative Chuck Kopp, Vice Chair
Representative Ted Eischeid
Representative Genevieve Mina
Representative Sarah Vance
Representative Mia Costello
Representative Jubilee Underwood

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 10

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

- HEARD & HELD

HOUSE BILL NO. 209

"An Act relating to the Alaska permanent fund; relating to income of the Alaska permanent fund; relating to the amount available for appropriation and appropriations from the earnings reserve account; relating to the permanent fund dividend; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 10

SHORT TITLE: CONST AM: PERMANENT FUND; POMV; EARNINGS

SPONSOR(S): REPRESENTATIVE(S) SCHRAGE

02/21/25	(H)	READ THE FIRST TIME - REFERRALS
02/21/25	(H)	STA, JUD, FIN
03/20/25	(H)	STA AT 3:15 PM GRUENBERG 120
03/20/25	(H)	-- MEETING CANCELED --

04/24/25 (H) STA AT 3:15 PM GRUENBERG 120
 04/24/25 (H) Heard & Held
 04/24/25 (H) MINUTE(STA)
 04/29/25 (H) STA AT 3:15 PM GRUENBERG 120
 04/29/25 (H) Heard & Held
 04/29/25 (H) MINUTE(STA)
 05/01/25 (H) STA AT 3:15 PM GRUENBERG 120
 05/01/25 (H) Moved HJR 10 Out of Committee
 05/01/25 (H) MINUTE(STA)
 05/02/25 (H) STA RPT 4DP 3DNP
 05/02/25 (H) DP: HOLLAND, HIMSCHOOT, STORY, CARRICK
 05/02/25 (H) DNP: VANCE, MCCABE, MOORE
 05/05/25 (H) JUD AT 1:00 PM GRUENBERG 120

BILL: HB 209

SHORT TITLE: PERMANENT FUND DIVIDEND: INCOME THRESHOLD
 SPONSOR(S): REPRESENTATIVE(S) FIELDS

04/28/25 (H) READ THE FIRST TIME - REFERRALS
 04/28/25 (H) JUD, FIN
 05/05/25 (H) JUD AT 1:00 PM GRUENBERG 120

WITNESS REGISTER

REPRESENTATIVE CALVIN SCHRAGE
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HJR 10.

DEVEN MITCHELL, Executive Director
 Alaska Permanent Fund Corporation
 Juneau, Alaska

POSITION STATEMENT: Gave invited testimony on HJR 10.

BENJAMIN COOK, representing self
 Anchor Point, Alaska

POSITION STATEMENT: Gave testimony unrelated to the bill.

MIKE COONS, representing self
 Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HJR 10.

CARRIE HARRIS, representing self
 Anchor Point, Alaska

POSITION STATEMENT: Testified in opposition to HJR 10.

EMILY NAUMAN, Director

Legislative Legal Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HJR 10.

REPRESENTATIVE ZACK FIELDS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 209.

EVAN ANDERSON, Staff
Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for HB 209 on behalf of Representative Fields, prime sponsor.

SEAN MILLS, House Majority Staff
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 209.

ACTION NARRATIVE

[1:01:43 PM](#)

CHAIR ANDREW GRAY called the House Judiciary Standing Committee meeting to order at 1:01 p.m. Representatives Underwood, Costello, Mina, Eischeid, Vance, and Gray were present at the call to order. Representative Kopp arrived as the meeting was in progress.

HJR 10-CONST AM: PERMANENT FUND; POMV; EARNINGS

[1:02:32 PM](#)

CHAIR GRAY announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 10, Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and to appropriations from the Alaska permanent fund.

[1:02:57 PM](#)

REPRESENTATIVE CALVIN SCHRAGE, Alaska State Legislature, as prime sponsor, presented HJR 10. He paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

When the Permanent Fund was created, it was structured as two accounts: the Principal and the Earnings Reserve Account (ERA). The Alaska Constitution prohibits the spending of the Principal without a vote of the people. However, profits generated by the fund are deposited into the ERA, which is entirely available for the Legislature to appropriate and spend. The current value of the ERA is approximately \$16 billion. Overdraw of the ERA depletes the value of the entire Permanent Fund and leaves Alaska worse off. In 2018 the Legislature adopted statutes that allow appropriation up to an amount that maintains the growth of the fund. This plan is commonly known as the "Percent of Market Value" ("POMV") draw. Still, those statutes do not stop the Legislature from passing budgets that spend Permanent Fund earnings beyond those sustainable limits. This resolution would send a proposed amendment to Alaska voters to enshrine this policy in the constitution.

The proposed constitutional amendment would combine the Permanent Fund Principal and the Permanent Fund Earnings Reserve Account into a single constitutionally protected account. Under this proposed amendment, the Legislature would be allowed to appropriate each year a maximum of five percent (5%) of the market value of that new constitutionally safeguarded account as calculated over the first five of the preceding six fiscal years. Experts have told the Legislature that these limits make that spending rate sustainable.

The Permanent Fund's Board of Trustees have recommended this change since 2003, and this constitutional amendment was also urged by the Fiscal Policy Working Group, a bipartisan and bicameral group of legislators that issued a report in 2021. This measure is not and should not deal with the size of the Permanent Fund Dividend or what specific percentage of this appropriation is spent on state services. It neither encourages nor prevents legislators from pursuing those plans in the future.

This merely prevents the state from overspending our renewable financial resource which ensures the permanence of our Permanent Fund.

[1:06:12 PM](#)

DEVEN MITCHELL, Executive Director, Alaska Permanent Fund Corporation (APFC), referred to a PowerPoint, titled "Trustees' Paper Volume 10 Modernizing the Alaska Permanent Fund: A Single-Fund Endowment Model." He summarized slide 2, "A Legacy of Intergenerational Resource Contribution," which read as follows [original punctuation provided]:

In 1976 -
Alaskans chose to permanently forgo immediate use of at least 25% of oil and mineral revenues, saving instead to create a renewable financial resource for generations -the Alaska Permanent Fund.

Today, the Fund -

- Leads the Nation
The largest U.S. sovereign wealth fund, globally recognized as a model for converting finite natural resources into lasting wealth.
- Supports Alaska
Provides over 50% of the state's unrestricted general fund revenue for dividends and essential services through the annual Percent of Market Value (POMV) draw.

MR. MITCHELL said the structural change before the committee has been advocated for since the Knowles administration in the 1990s, and each iteration of the APFC Board of Trustees since then. He said the primary reason for considering HJR 10 is to ensure that the percent of market value (POMV) draw is transferred each year and eliminate the ability for one generation to spend more than its fair share.

[1:11:57 PM](#)

The committee took an at-ease from 1:11 p.m. to 1:13 p.m.

[1:13:17 PM](#)

CHAIR GRAY questioned the major opposition to this proposal and why it has never been enacted.

MR. MITCHELL said change is hard. He shared his belief that there's been a legacy of concern about impact to other things, like the permanent fund dividend (PFD) program, and fear that the POMV transfer may result in a gradual drain on the Alaska Permanent Fund ("the fund"). He said there's been a lack of ability to adequately educate policy makers and allow them to embrace the idea and its strengths.

[1:15:02 PM](#)

MR. MITCHELL explained that the benefits of switching to a single-fund endowment structure is to ensure the ability for the state to provide for a dividend and its operating needs, and avoid a potential overdraw by the legislature or governor. It would also eliminate the need for inflation proofing, as all earnings would be retained and reinvested in the single fund. He referenced the historical performance of the fund in 10-year lookbacks. The takeaway, he said, is that the target rate of return is a challenge to hit on a long-term basis, but achievable at 5 percent.

[1:19:58 PM](#)

MR. MITCHELL referred to slide 3, which showed the current two-account structure, which is far more complex than the proposed solution and involves more risk. He explained that there is significant levels of unrealized gains in the fund's portfolio that cannot be spent under the current construct without selling an investment that's increased in value or receive revenue from a stock or bond in the form of interest, which illustrates the concern about the ability to provide for the POMV transfer on an ongoing basis. He recalled that the Division of Legislative Finance ("LFD") had modeled a scenario that showed insufficient money in the Earnings Reserve Account (ERA) to provide for the POMV draw.

[1:22:33 PM](#)

REPRESENTATIVE VANCE asked Mr. Mitchell to respond to the concern that transitioning to a single model would take away the flexibility to draw from the ERA in a tight year.

MR. MITCHELL said the question encapsulate the current discussion about overdrawing the fund for one generation's benefit at the expense of others. He indicated that the inability to impose fiscal restraint is made harder with more

options, so from a conservative fiscal perspective, the proposal would eliminate the ability to overspend from this resource.

[1:25:25 PM](#)

REPRESENTATIVE VANCE asked whether LFD and APFC had provided an assessment on the status of the ERA and how it might change in the coming years, given the state of the economy.

MR. MITCHELL said Callan's market assumptions are extrapolated to project future balances, but it's difficult to predict. He acknowledged that HJR 10 would limit the state's flexibility and force the state to maintain fiscal discipline. However, he shared his belief that if boundaries are never set, available resources will always be used.

REPRESENTATIVE KOPP asked about the risk to the state in a volatile market with a single-fund endowment. He shared his understanding that under the current structure, the ERA absorbs the losses, as well as the gains, for the entire fund.

MR. MITCHELL clarified that it used to be that way; however, during the 2008 financial crisis, it was modified so that gains losses are pro-rata allocated between the two accounts.

REPRESENTATIVE KOPP asked whether the single-fund endowment model would better protect the state against a volatile market.

MR. MITCHELL said shifting to a single fund could have marginal benefits; however, it would not significantly adjust the risk tolerance. He reiterated that the goal of investment staff is to maximize total return for the long-term benefit of the state and worry less about unrealized or realized gains.

[1:34:51 PM](#)

REPRESENTATIVE KOPP surmised that the greater fear is overdrawing the fund. He posited that the single-fund endowment would allow for more control over risk and increase the state's safety by prohibiting an overdraw.

MR. MITCHELL agreed that, although not verbatim, that is generally APFC's sentiment.

[1:36:20 PM](#)

MR. MITCHELL resumed the presentation on slide 4, which gave a comparative look at the fund's value in a two-account structure and the proposed endowment model as of January 31, 2025. Slide 6 charted the volatility of oil revenue, the dividend payment, and POMV transfer. It's intended to show the stability of the POMV draw on revenue and its benefit to the state. Slide 7 show the story of the ERA and the declining realized earnings from almost \$13 billion in Fiscal Year 2019 (FY 19) to a deficit of \$400 million in FY 25. He summarized slide 9, "Proposed: Single-Fund Endowment Model," which read as follows [original punctuation provided]:

Adopting this model, which would include a Constitutionally established spending limit, would strengthen the Fund's long-term stability and purchasing power for future generations.

- Merge the Principal and the ERA into a Single-Fund.
- Limit annual distributions through a Constitutional POMV Rule.
- Ensure automatic inflation proofing by adhering to a long-term sustainable withdrawal rate.

MR. MITCHELL continued to slide 10, "Benefits of the Single-Fund Endowment Model," which read as follows [original punctuation provided]:

Aligned with global best practices, strengthening Alaska's financial position through sustainable withdrawals & limited to the Fund's long-term real return.

Alignment with Prudent Investor Standards
Follows best fiduciary and prudent practices for endowments and trusts.

Total-Return Investing
Maximizes long-term growth without liquidity constraints.

Predictable & Sustainable Spending
A maximum draw POMV rule prevents overspending.

Automatic Inflation Proofing
Eliminates the need for manual and ad hoc legislative adjustments.

MR. MITCHELL advanced to slide 11, "Constitutional Amendment," which read as follows [original punctuation provided]:

The Board of Trustees has been on record for more than twenty years supporting the transition to a Single-Fund endowment to protect its intergenerational sustainability and ensure that it provides for all generations.

Board Resolutions 2000-13, 2003-05, 2004-09

- Supporting a constitutional amendment to limit the annual Fund payout to not more than a 5% POMV averaged over a period of 5 years.
- Implementing a constitutional POMV spending limit has the accompanying benefit of assuring permanent inflation-proofing of the Fund.

MR. MITCHELL summarized the Trustees' Paper Volume 10 on slide 10, which highlighted the benefits of moving to a single account structure.

[1:43:15 PM](#)

CHAIR GRAY expressed some concern that moving to an endowment model would take away the flexibility that the ERA provides; however, he expressed opposition to a spending cap. For someone who wants to maintain flexibility without a spending cap, he said he supports the bill because he wouldn't want to be in a situation where there's nothing in the ERA.

[1:44:43 PM](#)

CHAIR GRAY opened public testimony on HRJ 10.

[1:45:13 PM](#)

BENJAMIN COOK, representing self, gave testimony unrelated to the bill.

[1:46:41 PM](#)

MIKE COONS, representing self, testified in opposition to HJR 10. He commented on his disapproval of the 5 percent draw, and the 75/25 dividend split.

[1:49:57 PM](#)

CARRIE HARRIS, representing self, gave testimony unrelated to the bill.

CHAIR GRAY closed public testimony on HJR 10.

[1:53:50 PM](#)

REPRESENTATIVE VANCE asked why Legislative Legal Services included the language on page 2, lines 1-5, to be included in the Constitution of the State of Alaska ("the Alaska Constitution").

REPRESENTATIVE SCHRAGE reasoned that it would allow certain expenses associated with the management of the fund to be considered outside that 5 percent because it's related to the sustainability of the fund.

REPRESENTATIVE VANCE sought to confirm that the [appropriation to pay for management expenses] would happen before the money is deposited into the general fund (GF).

REPRESENTATIVE SCHRAGE deferred the line of questioning to Legislative Legal Services.

[1:57:13 PM](#)

CHAIR GRAY said some of the value of the Alaska Constitution is its broadness. He expressed concern about constitutionalizing specific numbers that may need to be changed in the future.

REPRESENTATIVE SCHRAGE expressed concern about the legislature taking a disproportionate share of the ERA given the sacrifice of past generations. He acknowledged that HJR 10 would put a specific cap on the draw; however, he opined that a limit needs to be implemented to prevent today's generation from overdrawing the fund. He said 5 percent is viewed as being on the high end of sustainable while still allowing the legislature the flexibility to draw less.

[2:01:12 PM](#)

CHAIR GRAY said he fundamentally disagreed with the notion of trusting the market more than "ourselves." He asked why the legislature would take away its decision-making power to be governed by the market.

[2:02:00 PM](#)

REPRESENTATIVE KOPP pointed out that specific numbers were used in 1976 and opined that [5 percent] is reasonable.

CHAIR GRAY raised the concern about the legislature not being able to bail itself out in an emergency situation.

REPRESENTATIVE KOPP contended that in an emergency, the Alaska Constitution would allow the governor to break any spending rule.

[2:05:18 PM](#)

REPRESENTATIVE SCHRAGE agreed that the legislature has historically shown discipline in building up the constitutional budget reserve (CBR), but on the flip side, it also spent down the CBR. He reiterated that a 5 percent cap would allow flexibility in spending while avoiding the erosion of the fund's value.

[2:07:42 PM](#)

REPRESENTATIVE VANCE asked about the impact of the language on page 2, lines 2-5.

[2:08:27 PM](#)

EMILY NAUMAN, Director, Legislative Legal Services, Legislative Affairs Agency (LAA), said currently, Article IX, Section 15 of the Alaska Constitution does not provide for costs associated with the investments made by APFC to come out of the corpus or Principal of the fund. She said HJR 10 makes a policy decision that would allow the legislature to appropriate from the principal to pay those [administrative] costs associated with investments.

REPRESENTATIVE SCHRAGE referred to page 2, line 3, and asked whether the appropriations for those expenses would fall outside the 5 percent limit.

MS. NAUMAN answered yes.

[2:10:49 PM](#)

REPRESENTATIVE VANCE asked why the legislature would want to pay these costs from the corpus and not the GF.

REPRESENTATIVE SCHRAGE said either would be appropriate and a policy call for the legislature to make.

REPRESENTATIVE VANCE sought to confirm that it's keeping with current practices.

REPRESENTATIVE SCHRAGE answered yes.

[2:11:53 PM](#)

REPRESENTATIVE MINA pointed out that HJR 10 had been a unanimous recommendation from the 2021 Fiscal Policy Working Group in conjunction with numerous other policy solutions for addressing the structural deficit. This is not the only lever for addressing state funding, she added.

[2:12:33 PM](#)

REPRESENTATIVE UNDERWOOD asked whether HJR 10 would be considered a constitutional amendment or a revision.

MS. NAUMAN opined that it would not constitute a revision, which would require a constitutional convention, because it meets the four-pronged test for constitutional amendments: the proposal is simple and easy to understand, complete within itself, relates to one subject, and substantially affects only one section of the Alaska constitution.

[2:14:51 PM](#)

REPRESENTATIVE UNDERWOOD asked whether the 5 percent draw is a spending cap, and if so, why not change the constitutional spending cap instead of the POMV draw.

REPRESENTATIVE SCHRAGE said it's a revenue cap, which he characterized as one of the best forms of spending cap because it limits the amount available for appropriation. He said adjusting the spending cap would not protect the fund from overdraw, which is the aim of the resolution.

REPRESENTATIVE VANCE asked whether the inclusion of more than 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State, as well as a portion of renewable resources, into the Alaska Permanent Fund had been discussed in the Fiscal Policy Working Group.

REPRESENTATIVE SCHRAGE answered not that he recalled.

[2:18:31 PM](#)

REPRESENTATIVE VANCE said she would appreciate a fiscal analysis on the impact of this proposal.

[2:20:35 PM](#)

CHAIR GRAY announced that HJR 10 was held over.

HB 209-PERMANENT FUND DIVIDEND: INCOME THRESHOLD

[2:20:47 PM](#)

CHAIR GRAY announced that the final order of business would be HOUSE BILL NO. 209, "An Act relating to the Alaska permanent fund; relating to income of the Alaska permanent fund; relating to the amount available for appropriation and appropriations from the earnings reserve account; relating to the permanent fund dividend; and providing for an effective date."

[2:21:04 PM](#)

The committee took a brief at-ease at 2:21 p.m.

[2:22:28 PM](#)

REPRESENTATIVE ZACK FIELDS, Alaska State Legislature, as prime sponsor, presented HB 209. He said many people in the public are not aware of how dire Alaska's fiscal situation is becoming with declining oil prices. He stated that paying a \$1,000 dividend will become impossible without significant new taxes, means-testing, or wholesale elimination of programs. He said there are hard choices ahead and HB 209 provides one more option on the table for those Alaskans who see value in having a meaningful permanent fund dividend (FPD). He referred to a PowerPoint presentation on HB 209 [included in the committee packet] that shared the history of the Alaska Permanent Fund, the establishment of the dividend, historic dividend averages, and Legislative Finance Division (LFD) models. He shared that the bill would set the PFD at \$1,000, which is in line with the historical average. In comparing the LFD models, he indicated that paying a full statutory dividend, a 50/50 dividend, or a 75/25 dividend would not be possible without a significant tax

increase. He stated that a \$1,000 dividend would be achievable if its means-tested with minor to no taxes, or modest taxes.

[2:32:20 PM](#)

EVAN ANDERSON, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Representative Fields, prime sponsor, presented the sectional analysis for HB 209 [included in the committee packet], which read as follows [original punctuation provided]:

Section 1: This section amends AS 37.13.140 to authorize the Department to compute the net income of the Permanent Fund annually on the last day of the fiscal year, excluding any unrealized gains or losses. It removes the statutory calculation that income available for distribution equal 21% of the net income of the fund for the last five fiscal years.

Section 2: This section amends AS 37.13.145(b) to authorize the legislature to appropriate funds from the earnings reserve account to the dividend fund and to pay out a dividend of \$1,000 to each eligible individual per fiscal year.

Section 3: This section amends AS 37.13.145(c) to give the legislature the ability to appropriate additional funds from the earnings reserve account to the principal of the Permanent Fund in order to offset the effect of inflation during that fiscal year.

Section 4: This section amends AS 37.13.145(d) replacing the words "distribution" and "transfer" with "appropriation" to conform with previous sections.

Section 5: This section amends AS 37.13.145(f), which gives the legislature the authority to appropriate funds from the earnings reserve account to the general fund. This is a conforming change.

Section 6: This section amends AS 37.13.300(c), making conforming changes to the statute that disallows the legislature from including income from the mental health trust fund in the funds available for appropriation.

Section 7: This section amends AS 43.23.005(a), to establish a new income threshold for Permanent Fund

Dividend eligibility. Individuals who earn \$50,000 or less annually, or married couples who earn \$100,000 or less of combined income are eligible to receive a dividend. Individuals who are exempt from filing a federal income tax return are also eligible.

Section 8: This section amends AS 43.23.028(a) to remove the annual public notice requirement for the Permanent Fund Dividend amount and instead replace it with a similar disclosure that each recipient of the PFD will receive.

Section 9: This section is a conforming change to AS 43.23.045(d) to delete the phrase "determining the amount of" because the PFD is capped at \$1000.

Section 10: This section repeals AS 43.23.025(a) which directs the Department to calculate the amount of the dividend annually. This section also repeals AS 43.23.028(b), which directs the Department to transfer the amount that would have been owed to ineligible applicants to the restorative justice fund.

Section 11: This section adds new language to uncodified law to clarify that the provisions of this bill apply to the dividend qualifying year 2025 for the 2026 dividend.

Section 12: This section sets an immediate effective date for the bill.

[2:35:20 PM](#)

CHAIR GRAY sought questions from committee members.

[2:35:34 PM](#)

REPRESENTATIVE KOPP spoke to the importance of talking honestly about the state's fiscal situation and thanked the sponsor for initiating this conversation. He commented on the volatility in the price of oil and said paying a full statutory dividend in this year's budget would result in a \$1.6 billion deficit. He added that paying the full statutory dividend in years past stretched communities so thin and almost resulted in a recall of the governor. He added that whether this is the right solution or not, putting parameters around the dividend is an important conversation.

[2:38:50 PM](#)

REPRESENTATIVE MINA expressed appreciation for the bill sponsor for educating the public on the structural deficit. She asked whether there are instances in which a corporation would exclusively limit who receives a dividend.

REPRESENTATIVE FIELDS responded yes, the dividend has been used as a universal basic income program but as the Alaska Supreme Court opined, it could be based on a rational income test that wouldn't discriminate Equal Protection laws.

CHAIR GRAY asked Mr. Mills to comment.

[2:40:55 PM](#)

SEAN MILLS, House Majority Staff, Alaska State Legislature, said the Zobel v. Williams case offers legal guidance on designing a system for a PFD distribution. He explained that similarly situated people cannot be treated differently under Equal Protection rights in the U.S. Constitution. He described the Zobel case in greater detail, which struck down a prior system of distributing the dividend based on years of residency; however, a means test based on current income would not be considered permanent classification and would avoid a similar Equal Protection issue. He opined that there would not be Equal Protection issues with HB 209.

[2:45:33 PM](#)

CHAIR GRAY asked whether the Alaska Supreme Court "got it right" with regard to the Zobel case.

MR. MILLS said the most significant question raised is whether the Alaska Supreme Court used a more lenient standard than what was appropriate at the time. There was a dissent in the case by Justice William Rehnquist who believed that a stricter standard should have been applied, which is also reflected in some of the concurring opinions. Nonetheless, the law failed under the lowest rational basis standard.

[2:48:19 PM](#)

REPRESENTATIVE MINA pointed out that in the bill, the PFD is means tested at \$1,000. She referred to the PowerPoint presentation and asked whether the historic dividend averages were adjusted for inflation.

REPRESENTATIVE FIELDS answered no.

REPRESENTATIVE MINA estimated that \$1,000 in 1982 would be \$3,300 when adjusted for inflation in today's dollars. In that sense, she asked whether \$1,000 is an accurate average.

REPRESENTATIVE FIELDS stated that the fund is a renewable resource, most of which has been generated by investment and is consistent with the voter's original intent in 1976. He opined that "good legislation" must honor that original intent and grow that renewable resource. For that reason, he said he would never vote for overspending beyond the 5 percent POMV cap.

[2:51:20 PM](#)

REPRESENTATIVE VANCE asked why the legislature should turn the dividend into welfare.

REPRESENTATIVE FIELDS said he put the bill forward for voters to inform the legislature of their preferences in a tough fiscal climate. He said the legislature could choose not to means test the dividend and let its value erode; however, he argued that he would not consider means testing as welfare.

REPRESENTATIVE VANCE countered the idea that it's would not be welfare by citing Section 7, which would specifically distribute the dividend to low-income people. She asked how \$50,000 per individual and \$100,000 for a couple was decided upon.

REPRESENTATIVE FIELDS stated that the bill is a compromise between those who rely on the dividend and those who want to get rid of it. He said the dividend could be means tested to determine the right dollar figure and peg it to inflation. He reiterated his belief that it doesn't make sense for his family to receive a dividend when they make hundreds of thousand dollars per year while essentially taking it away from someone in Mountain View.

[2:55:26 PM](#)

REPRESENTATIVE UNDERWOOD shared an example of a person with millions in assets who chose to earn a salary of less than \$50,000. She asked given the Wielechowski v. State of Alaska decision, whether the legislature could still choose to appropriate or not appropriate if the bill were to pass.

REPRESENTATIVE FIELDS reiterated that the dividend would diminish to zero on its current path. He asked whether it would be better to update the formula with something achievable and pay \$1,000 to those who need it most. In response to Representative Underwood's first example, he said it would make sense to ask the Department of Revenue (DOR) how to best capture the high-net-worth low adjusted gross income individuals.

[2:58:07 PM](#)

REPRESENTATIVE COSTELLO said she struggled with the idea of making the dividend program something other than a share in the state's mineral wealth. She stated that the dividend is sacrosanct to Alaskans and said she's not sure this bill is something the public would ever support. She spoke to the history of the dividend and asked the bill sponsor to respond to her concerns.

REPRESENTATIVE FIELDS shared his understanding that the key purpose of the PFD was to grow the fund, as established by voters in the constitution, which was a new idea for states. He added that the dividend gave people a stake in growing the fund and was designed to be a means to that end. He posited that although circumstances are different in today's fiscal climate, fidelity to the fund must remain consistent.

REPRESENTATIVE COSTELLO argued that the dividend protects the corpus of the fund, so making it means tested would stray from its intended purpose.

[3:03:57 PM](#)

REPRESENTATIVE EISCHEID sought to clarify that the bill would set the PFD at a max of \$1,000 for eligible recipients.

REPRESENTATIVE FIELDS answered yes, it would update the PFD formula to \$1,000.

REPRESENTATIVE EISCHEID asked if the bill were to pass, whether it would cut the PFD for those who qualify due to inflation.

REPRESENTATIVE FIELDS pointed out that most budget items are not pegged to inflation.

REPRESENTATIVE EISCHEID asked whether, as written, the dividend would be an inflationary cut.

REPRESENTATIVE FIELDS responded no, because it would actually increase the dividend for the people who need it relative to its current path, which is on a rapid decline. He reiterated that at projected oil prices, the dividend would be in the low hundreds of dollars within the next 3 to 4 years.

REPRESENTATIVE EISCHEID expressed concern that a \$1,00 dividend would shrink each year when adjusting for inflation.

[3:06:50 PM](#)

CHAIR GRAY characterized the PFD as the most progressive fiscal policy in America, which has resulted in much less income equality in Alaska. He said the dividend is amazing because of its benefit to the poorest in Alaska. He said he liked the bill but it's too conservative because it's not tied to inflation, the income cap is too low, and \$1,000 is not enough. He commended the bill sponsor for telling the truth and in that spirit, he shared his own truths about HB 209: the income thresholds would be raised, the dividend amount would be doubled, and it would be tied to inflation. He announced that HB 209 was held over.

[3:08:58 PM](#)

CHAIR GRAY gave closing remarks on future business.

[3:09:44 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Judiciary Standing Committee meeting was adjourned at 3:09 p.m.