

HJR

26

ALASKA STATE LEGISLATURE

Rep. Lesil McGuire, Chair
Rep. Tom Anderson, Vice-Chair
Rep. John Coghill
Rep. Jim Holm
Rep. Ralph Samuels
Rep. Les Gara
Rep. Max Gruenberg



State Capitol, Room 120
Juneau, AK 99801-1182
(907) 465-4990
Fax (907) 465-6592

House Judiciary Committee

Memorandum

To: Leg. Legal
From: Vanessa Tondini, Committee Aide
House Judiciary Committee
Date: May 7, 2003
Re: CS Request

Please create a final draft House Judiciary Committee Substitute for work order # 23-LS1006\Q, HJR 26, incorporating the amendment listed below. The bill was passed out of committee today.

Amendment: Page 2, Lines 2-3, Delete, "To protect the permanent fund...over the long term,"

If you have any questions, please call me at 4990. Thank you!

The information attached to this memo is **CONFIDENTIAL** an/or privileged. It is intended to be reviewed initially by only the individual named above. If the reader of this Memorandum is not the intended recipient or a representative of the intended recipient, you are hereby notified that any review, dissemination, or copying of the information contained herein is prohibited. If you have received this in error, please immediately notify the sender by telephone and return this to the sender at the above address.

Amendment #1 - Conceptual Case
HJR 26 (w+m) FAILED

At p. 2 line 6 after "year."

c) The Permanent Funds Dividends shall equal at least the greater of: 1) the Dividend paid in 2003 or 2004, adjusted for inflation, a per recipient share of 0.50% of the amount stated in Section (b) of this section, whichever is greater. The Legislature may issue a dividend greater than these amounts in any year.

d) conceptual - severability of section (c) if ~~it~~ it results in ~~a~~ a ruling, that ~~causes~~ causes the Permanent Funds earnings to be taxable ~~under~~ by the U.S. Internal Revenue Service.

Amend #2 Passed
Gruenberg -
P. 2. delete L. 2 & 3



Alaska State Legislature

Please enter into the record my testimony to the House Judiciary
committee name

Committee on HJR 26, dated 5/07/03
bill # / subject public hearing date

I am opposed to HJR 26. The PFD's appropriations should not be limited. I believe the current binding formula should be left alone. Alaska is experiencing a decline in North Slope oil production. We are currently at 50% of what the North Slope used to produce in the 1980's. This decline in oil production means less money is being placed in the Permanent Fund.

I am very concerned that the 23rd Legislature has introduced 596 bills and resolutions. There have been 17 pieces of PFD legislation and in my

Signed: Laurie Churchill
Testifier

Representing (optional)

PO Box 7043 NIKISKI, AK 99635
Address

Phone number

Personal opinion only two bills
are in favor of the citizens of
Alaska - they are SJR 19 & HJR 3.
I ask that you all vote NO on
HJR 26. The people of Alaska
have not asked for the PFD's
bundling to be changed, and we
do not want less appropriations
going into the fund. When the
CBR is depleted, there will only
be two sources of revenue left,
taxation and a raid on the PFD.
Rather than changing appropriations
to the PFD our legislative body
needs to cut the Budget.

Methods to determine funds available for appropriation:

**Five key differences between the
Status quo and the proposed
Percent of Market Value (P.O.M.V.)**

A presentation by the Alaska Permanent Fund Corporation
to the House Ways and Means Committee
April 21, 2003



Five key differences between the status quo and POMV

1. POMV offers constitutional inflation-proofing protection of the entire Fund. The status quo statutorily inflation-proofs Fund principal.
2. POMV is a spending limit. It limits funds available for appropriations to real income over time. Under the status quo, the entire earnings reserve may be appropriated.
3. During volatile markets, POMV offers greatly improved stability in year-to-year amounts available for appropriation as compared to the status quo.



Differences between the status quo and POMV

4. POMV is compatible with the Fund's diversified, long-term investment strategy of achieving a 5% real rate of return over time. The status quo was designed a quarter century ago for a Fund invested 100% in bonds.
5. Predictable annual appropriations are provided under POMV. Under the status quo, it is not known whether funds will be available for appropriation in any given year.





Alaska Permanent Fund Corporation
 HJR 26 - Financial projection comparison of the Alaska Permanent Fund
 under status quo versus POMV spending limit, beginning in FY05.

\$ millions

Status Quo	-----projected-----										
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Total Return	-3.42%	7.38%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Principal - end of year (after payouts)	22,348	23,268	24,149	25,057	25,988	26,937	27,910	28,899	29,899	30,918	31,956
Realized earnings reserve (after payouts)	633	398	648	1,102	1,581	2,028	2,446	2,886	3,358	3,865	4,487
Unrealized earnings reserve	(632)	118	610	960	1,232	1,468	1,708	1,929	2,135	2,332	2,434
Total earnings reserve - end of year (after payouts)	0	516	1,258	2,062	2,813	3,496	4,154	4,816	5,493	6,197	6,921
Total Market Value End of Year (after payouts)	<u>22,349</u>	<u>23,784</u>	<u>25,407</u>	<u>27,118</u>	<u>28,801</u>	<u>30,433</u>	<u>32,065</u>	<u>33,715</u>	<u>35,392</u>	<u>37,115</u>	<u>38,876</u>
Annual net income	(851)	1,620	1,775	1,897	2,026	2,152	2,275	2,397	2,521	2,647	2,776
Dividend (lump sum) - Status Quo	686	510	409	442	597	766	887	979	1,059	1,131	1,209
Transfer status quo Inflation-proofing (ER to principal)	102	590	612	635	659	683	707	732	758	783	810

POMV - 5% (beginning in FY05)	-----projected 5% POMV beginning in FY05-----										
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Total Return			7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Total Market Value End of Year (after payouts)		<u>23,784</u>	<u>24,581</u>	<u>25,429</u>	<u>26,307</u>	<u>27,186</u>	<u>28,078</u>	<u>28,978</u>	<u>29,881</u>	<u>30,795</u>	<u>31,717</u>
Annual net income			1,775	1,834	1,898	1,963	2,028	2,094	2,161	2,228	2,295
POMV Payout available for appropriation in lump sum			1,235	1,243	1,274	1,329	1,380	1,426	1,473	1,520	1,568
5 year average market value			24,706	24,854	25,480	26,576	27,608	28,526	29,463	30,409	31,363

Assumptions: Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Spring 2003 revenue forecast, financial statements through 3/31/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions.



Alaska Permanent Fund Corporation
 Calculation of annual effective rates of 5% POMV spending limit
 \$ millions

	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Payout based on 5 year moving average	1,235	1,243	1,274	1,329	1,380	1,426	1,473	1,520	1,568
Ending market value (after payout)	24,581	25,429	26,307	27,186	28,078	28,978	29,881	30,795	31,717
Ending market value (pre payout)	25,816	26,672	27,581	28,515	29,458	30,404	31,354	32,315	33,285
Effective payout rate *	4.78%	4.66%	4.62%	4.66%	4.69%	4.69%	4.70%	4.71%	4.71%
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Payout based on 5 year moving average	1,235	1,243	1,274	1,329	1,380	1,426	1,473	1,520	1,568
less APFC costs to manage the Fund	38	39	41	42	43	44	46	47	49
5% available for spending after deducting APFC costs	1,197	1,203	1,233	1,287	1,337	1,382	1,427	1,473	1,520
Effective rate after deducting APFC costs *	4.64%	4.51%	4.47%	4.51%	4.54%	4.55%	4.55%	4.56%	4.57%
APFC costs to manage the Fund in %	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%

* Note: The effective rate is defined as the payout over the ending market value of the Fund (pre-payout) expressed as a percentage.

ALASKA PERMANENT FUND CORPORATION

RESOLUTION OF THE BOARD OF TRUSTEES OF THE
ALASKA PERMANENT FUND CORPORATION RELATING TO A
CONSTITUTIONAL AMENDMENT LIMITING APPROPRIATIONS FROM
AND INFLATION-PROOFING THE ALASKA PERMANENT FUND
BY ESTABLISHING A PERCENT OF MARKET VALUE SPENDING LIMIT

RESOLUTION 03-05

Preserving the real value of the money deposited into the Alaska Permanent Fund ("Fund") over the long term has been a public policy priority of the Board of Trustees ("Board") since the original Board was appointed over 20 years ago. In response to the Board's concerns in 1982 about the effects of inflation on the value of the Fund, the legislature adopted statutory inflation-proofing that same year. That change has successfully protected (by statute) the principal of the Fund for the past 20 years. After several years of review, the Board believes it is now time for the People of Alaska to make another decision that would: 1) constitutionally protect the current purchasing power of the whole Fund (both principal and income) against inflation; and 2) improve the rules governing distributions from the Fund.

To accomplish these goals, the Board has examined the use by various large endowment and public funds of a formula approach to establish appropriate limits on the size of payouts from those funds. This formula approach, generally referred to as a "percent of market value" ("POMV") spending limit, is applied by those funds in a manner that assures that, on average, only *real* income of a fund (i.e. income *net of inflation*) can be spent, thereby assuring that the real value of the contributions paid into the fund will not be touched. Because a POMV spending limit would provide for distributions from the Fund that are

predictable and limited, the Board believes that its use is in the best interest of the Fund and of the people of the State of Alaska.

The Board further believes that the best way to implement a POMV spending limit methodology for determining a level of distributions from the Fund that is predictable and limited is to amend the constitutional provision that established the Fund (Article IX, section 15 of the Alaska Constitution). Providing for a POMV spending limit in this manner would assure all Alaskans that the real value of the contributions to the Fund will be preserved for all time.

At the Board's request, APFC staff has presented a draft constitutional amendment for further discussion by the Board which, if adopted by the people of the State of Alaska, would provide for the following:

1. an annual limit on appropriations from the Fund of up to five percent of the total market value of the Fund, averaged over a period of five years;
2. using a five year period that allows the legislature and the governor to know before a fiscal year begins the exact amount that will be available for distribution from the Fund;
3. Fund income is part of the Fund, rather than being subject to appropriation by the legislature, as currently provided;
4. assures that the current statutory earnings reserve account established by AS 37.13.145 becomes part of the Fund when the constitutional amendment takes effect; and
5. the current references to "principal" and "income" are removed, as POMV ensures protection of the principal over the long-term through a constitutional spending limit.

The Board believes that this approach effectively balances the goal of providing for an annual distribution from the Fund that is predictable and limited with the long-term goal of protecting the real value of contributions to the Fund.

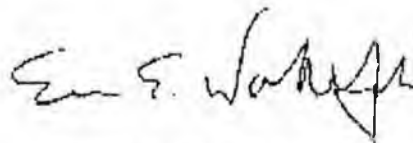
In addition, the Board believes strongly that implementing a POMV spending limit approach by constitutional amendment is such an important public policy goal that proposals for incorporating any other amendments to Article IX, section 15 which might in any way either lessen the chances of approval of such an amendment by the voters or undermine the legal status of the Fund should be rejected by the legislature.

Finally, the Board recognizes that implementation of a POMV spending limit methodology by constitutional amendment may necessitate changes to existing statutes that deal with the formula for determining and distributing the amount of the Fund that may be spent each year, including, but not necessarily limited to, payment of Permanent Fund Dividends and inflation-proofing the Fund. In anticipation of voter approval of a constitutional amendment providing for a POMV spending limit, the Board is hopeful that the legislature and the governor will work together to develop appropriate legislation to harmonize existing statutory provisions with the operation of the amendment and/or to adopt such new statutes as they may consider desirable. In this regard, the Board and APFC staff stand ready to provide any information or other assistance that may be helpful.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees that the legislature of the State of Alaska, in consultation with the governor and the Board, are urged to consider and approve the proposal (dated 4/14/03) for a constitutional amendment that would implement a POMV spending limit mechanism that would provide an annual distribution from the Fund that is predictable and limited.

BE IT FURTHER RESOLVED by the Board of Trustees that the proposal for such an amendment be limited solely to implementation of the foregoing goal.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation this 14th day of April 2003.



Eric E. Wohlforth

Chair, Board of Trustees

ATTEST:



Robert D. Storer, Corporate Secretary

Permanent Fund Basics: Income, Distributions and Percent of Market Value (POMV)

February, 2003

Alaska Permanent Fund Corporation



Trustees' proposed constitutional amendment to inflation-proof the Fund and ensure payouts each year

8% Projected average annual return

- 3% Projected average annual inflation

5% Maximum annual sustainable payout

Retained in Fund for inflation-proofing

Alaska Permanent Fund Corporation



What is Percentage of Market Value

- A formula approach, based on total fund value, to determine the method and size of payouts from large investment funds while still providing protection against inflation. This approach is generally referred to as a “percentage of market value” or “POMV” for short.

Alaska Permanent Fund Corporation



Why limit the payout to 5%

- 5% real rate of return is at the high end of what is achievable for the Permanent Fund.
- 5% is the maximum sustainable payout rate that still maintains the Fund's real value.
- 5% allows greater distributions over time than a higher payout.
- When using a 5 year average, the effective payout rate is slightly lower than 5%.

Alaska Permanent Fund Corporation



Why a five year average?

- An average of two, three, or four previous years (called a three, four or five year moving average) would provide a basis for averaging the distribution rate to substantially reduce volatility.
- The longer the averaged period, the more it will reduce the payout volatility.

Percent Of Market Value = Payout of Fund income

5% x \$25.6 billion = \$1.3 billion

Alaska Permanent Fund Corporation



Why a constitutional POMV?

- Establishes a spending limit of real income, in the constitution, that ensures full and protected inflation proofing of the entire Fund over the long term.
- Balances the distributions from the Fund between current and future generations.
- Requires a public vote.

Alaska Permanent Fund Corporation



POMV – reasons to do it

- Setting a POMV distribution percentage assists the Fund's investment policy by establishing a specific return goal.
- Implements a spending rule similar to other large mature investment/endowment funds.
- POMV more effectively smoothes the year-to-year payout volatility. This is very important to the economy and budget planning.
- POMV simplifies the inflation-proofing procedure. However, because inflation-proofing is implicit rather than explicit, it is much less visible.

Alaska Permanent Fund Corporation



Other benefits of POMV

- Preserves the Fund's purchasing power.
- Maximizes distributions over the long-term.
- Minimizes fluctuations in annual payouts.
- Allows an opportunity to update existing income and distribution statutes.

Alaska Permanent Fund Corporation



Distributable income mechanics

- A moving average of “realized earnings” or “total return” or a “percentage of market value,” should all yield the same amount of earnings for distribution over the long term.
- However, each of the moving averages would differ in any one year, with POMV being the most stable payout.
- Separates the investment decisions from the distribution decisions.

Alaska Permanent Fund Corporation



Other POMV policy issues

- Does the APFC operating and investment manager expenses come out of the 5% distribution?
- Do we recommend changes to the existing statutory definition of earnings reserve and income distribution?
- Do we recommend maintaining the principal and earnings reserve distinction or convert the fund into a single pool of money?

Alaska Permanent Fund Corporation



FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHJR 26(W&M)
 (H) Publish Date: 5/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
 Title Constitutional Amendment limiting BRU Elections
appropriations from and inflation-proofing the APF.... Component Elections
 Sponsor House Rules Committee
 Requester House Ways and Means Component No. 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
1002 Federal Receipts						
1003 GF Match						
1004 GF		1.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred Phone 465-5347
 Division: Division of Elections Date/Time 4/18/03 11:46 AM
 Approved by: Laura A. Glaiser, Director Date 4/18/2003
 Agency: Office of the Lt. Governor, Division of Elections

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHJR 26(W&M)
 (H) Publish Date: 5/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Constitutional Amendment: BRU Permanent Fund Corp
Permanent Fund Appropriations Component Permanent Fund Corp
 Sponsor House Rules Committee
 Requester House Ways and Means Component No. 109

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HJR 26 would ask voters in the next general election whether to approve a constitutional amendment that would limit annual appropriations to no more than 5% of the average year-end market value of the fund for the preceding five years.

HJR 26 would not affect the budgeted costs to manage and invest the Permanent Fund, nor would it change the amount of income earned by Permanent Fund investments.

See the attached schedule for financial projections of the Fund comparing the "Status Quo" to a 5% percent-of-market-value (POMV) spending limit.

Prepared by: Robert D. Storer, Executive Director Phone (907)465-2047
 Division Alaska Permanent Fund Corporation Date/Time May 2, 2003, 10 a.m.
 Approved by: Steve Porter, Deputy Commissioner Date 5/2/2003
 Agency Department of Revenue



Alaska Permanent Fund Corporation

HJR 26 - Financial projection comparison of the Alaska Permanent Fund under status quo versus POMV spending limit, beginning in FY05.

\$ millions

Status Quo	-----projected-----										
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Total Return	-3.42%	7.38%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Principal - end of year (after payouts)	22,348	23,268	24,149	25,057	25,988	26,937	27,910	28,899	29,899	30,918	31,956
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Dividend (lump sum) - Status Quo	686 *	510	409	442	597	766	887	979	1,059	1,131	1,209
Transfer status quo inflation-proofing (ER to principal)	102	590	612	635	659	683	707	732	758	783	810

* The APFC FY03 projected dividend, paid to Alaska citizens in October, 2003 is subject to available earnings reserve. The volatility in the stock market has taken earnings reserve to zero or below several times this fiscal year. If the earnings reserve balance is zero or negative on 6/30/03, no dividend distribution will be paid to the Department of Revenue.

POMV - 5% (beginning in FY05)	-----projected 5% POMV beginning in FY05-----										
	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Total Return			7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%	7.60%
Total Market Value End of Year (after payouts)		<u>23,784</u>	<u>24,581</u>	<u>25,429</u>	<u>26,307</u>	<u>27,186</u>	<u>28,078</u>	<u>28,978</u>	<u>29,881</u>	<u>30,795</u>	<u>31,717</u>
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Assumptions: Callan Associates 2003 Capital Market Assumptions, APFC 2003 asset allocation, Spring 2003 revenue forecast, financial statements through 3/31/03. All payouts are assumed to happen at fiscal year end, all dollar values in millions.

Subject: hjr26

Date: Sun, 04 May 2003 13:09:59 -0900

From: Mary Griswold <mgrt@xyz.net>

To: vanessa_tondini@legis.state.ak.us


Hi Vanessa,

Please include the attached testimony in the members' packets for Tuesday's Judiciary Committee hearing on HJR 26.

If you have trouble openint the attachment directly, try saving it to your desk top before opening. If that doesn't work, please let me know and I will send it in the body of a message.

Thank you very much,

Mary Griswold
P.O. Box 1417
Homer, AK 99603
235-3725

 <u>HJR 26 support</u>	Name: HJR 26 support Type: WINWORD File (application/msword) Encoding: base64 Description: Unknown Document Download Status: Not downloaded with message
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I am an enthusiastic supporter of a 5 POMV payout because it constitutionally inflation-proofs the entire permanent fund. Right now, only the principal is inflation-proofed, and that is done by statute, not through the constitution, and only after the dividend program is funded.

The second reason I support 5 POMV is that it sets a spending limit. Under the current distribution methodology, the legislature may appropriate the entire earnings reserve account. 5 POMV forces us to resist the temptation to appropriate too much money when the fund is flush, yet makes distributions available in lean years.

Third, an annual payout based on market value is compatible with the fund's diversified portfolio that is managed, in conformance to industry standards, for long-term value over short-term gain. The current distribution method, based on income, was appropriate 20 years ago when the fund was invested primarily in bonds. A 5% payout is generally recognized by large fund managers as the highest sustainable payout, beyond which the real value of the fund would diminish over time. This approach protects the value of the fund and provides a limited, predictable, and sustainable revenue stream.

The permanent fund trustees combined the fund's principal and income in one pot of money to make 5 POMV work effectively. Segregating the principal interferes with value-management goals by exerting pressure to produce short-term income for dividends or other distributions during periods of poor performance. Segregating the principal also tempts the legislature to provide for a greater than 5% payout when the earnings reserve account is flush, as in HJR 1. This is just what POMV is designed to avoid.

How the legislature chooses to divide the payout is an important question. The APFC takes no position on the use of the payout. 5 POMV is a management tool, not a distribution plan. However, the two are intrinsically linked. The use of the payout should not be set in the constitution because this is an appropriation issue better left to the legislative process. However, the statutes 37.13.140 and 37.13.145 relating to permanent fund income and income distribution must be amended to conform to 5 POMV. I urge you to establish a comparable dividend formula

when you change these statutes. 5 POMV is too valuable an asset to risk voter rejection by threatening their dividend checks.

For modeling purposes, we assume an 8% total return, 3% inflation, and a 5% real return. Under the existing statutes, 50% of the income available for distribution, or 4%, goes to the dividend program. Inflation-proofing then takes 3% of the total return, leaving 1% for other legislative appropriation, which has never been touched. For this distribution to work under POMV, 80% of the 5% payout must be allocated to the dividend program to provide a comparable amount of money. Inflation-proofing of 3% has already been accounted for by establishing a 5% payout limit, leaving 20% of the payout for other legislative appropriation, which is the same as the 1% under the existing distribution statutes. 50% of the money available for distribution after inflation-proofing cannot provide the same amount for dividends as 50% of the money available for distribution before inflation-proofing. 50% of 8 translates to 80% of 5.

It is time to move forward on a fiscal plan. This constitutional amendment combined with a change to the statutes securing 80% of the annual payout for dividends is a critical step. Please promote a comprehensive package the voters will accept. It is a three-way win. The permanent fund gets a better management framework, the legislature gets a predictable revenue stream, and the people keep their dividend formula.

Thank you.

Mary Griswold

Homer