

HB

224

<TARGET><BILL>HB 224</BILL><SUBJECT>HB
224</SUBJECT><COMM>HF IN29</COMM></TARGET>

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 224
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB224SS-Fund Cap-Dup-CVCF-03-22-16
Title: PERM FUND: INCOME; DISTRIBUTION; PFD;
Sponsor: HAWKER
Requester: House Finance

Department: Fund Capitalization
Appropriation: Caps Spent as Duplicated Funds
Allocation: Crime Victim Compensation Fund
OMB Component Number: 2936

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		1,536.4	1,536.4	1,536.4	1,536.4	1,536.4	1,536.4
Total Operating	0.0	1,536.4	1,536.4	1,536.4	1,536.4	1,536.4	1,536.4

Fund Source (Operating Only)

1004 Gen Fund			1,411.4	1,411.4	1,411.4	1,411.4	1,411.4
1005 GF/Prgm		125.0	125.0	125.0	125.0	125.0	125.0
1171 PFD Crim		1,411.4					
Total	0.0	1,536.4	1,536.4	1,536.4	1,536.4	1,536.4	1,536.4

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Not known
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial Version

Prepared By: <u>Craig Kahkken, Policy Analyst</u>	Phone: <u>(907)465-3559</u>
Division: <u>Office of Management and Budget</u>	Date: <u>03/31/2016 10:00 AM</u>
Approved By: <u>Pat Pitney, Director</u>	Date: <u>03/31/16</u>
Agency: <u>Office of Management and Budget</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SSHB 224

Analysis

Under this legislation, general funds will be necessary to capitalize the Crime Victim Compensation Fund (CVCF) in fiscal year 2018 and the out years. Without the capitalization of the fund, the Violent Crimes Compensation Board (VCCB) funding would be reduced to zero.

The Violent Crimes Compensation Board (VCCB) currently receives an annual appropriation from the dividend fund and from federal funding. This funding is used for operating costs, as well as paying compensation to victims of violent crime. The federal funding is a formula grant and is predicated on the prior year's certified state funded expenditures. Therefore, if there are less state funds available to spend on grants to victims of crime, the federal funding would decrease the following year and forward. Should state spending be reduced to zero, then federal funding would also reduce to zero.

Impacts to the fund are based on the assumption that there will be no dividend October 2017 (FY2018) through October 2021 (FY2022). It is also assumed that there will continue to be a deposit to the CVCF. However, it is anticipated that the CVCF will need general funds in FY2018 and in the out years.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: HB 224
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SSHB224-DOC-PHC-03-23-16
Title: PERM FUND: INCOME; DISTRIBUTION; PFD;
Sponsor: HAWKER
Requester: (H) FINANCE

Department: Department of Corrections
Appropriation: Health and Rehabilitation Services
Allocation: Physical Health Care
OMB Component Number: 2952

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services		8,117.4	8,117.4	8,117.4	8,117.4	8,117.4	8,117.4	8,117.4
Travel								
Services		12,119.5	12,119.5	12,119.5	12,119.5	12,119.5	12,119.5	12,119.5
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	20,236.9	20,236.9	20,236.9	20,236.9	20,236.9	20,236.9	20,236.9

Fund Source (Operating Only)

1004 Gen Fund			20,236.9	20,236.9	20,236.9	20,236.9	20,236.9
1171 PFD Crim		20,236.9					
Total	0.0	20,236.9	20,236.9	20,236.9	20,236.9	20,236.9	20,236.9

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Prepared By: <u>April Wilkerson</u>	Phone: <u>(907)465-3460</u>
Division: <u>Administrative Services - Department of Corrections</u>	Date: <u>03/23/2016 05:00 PM</u>
Approved By: <u>Dean Williams</u>	Date: <u>03/23/16</u>
Agency: <u>Department of Corrections</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SSHB 224

Analysis

Passage of this legislation will change the way permanent fund dividends are calculated and distributed. It is expected this legislation will have an impact on the amount of Permanent Fund Dividend criminal funds allocated to the Department of Corrections Physical Health Care component. Based on the Office of Management and Budget projections it is anticipated this legislation would eliminate the PFD Criminal Funds available for allocation to the department requiring an increase of general funds beginning in FY2018.

The Department of Corrections Physical Health Care component receives permanent fund dividend criminal funds which are based on a fluctuating annual PFD amount and the number of persons deemed ineligible during the appropriate year. The amount of PFD Criminal Funds appropriated to corrections for FY2017 was \$20,236,900.00 based on the CY2015 annual PFD amount of \$2,072.00 and an estimated 10,448 individuals deemed ineligible under AS 43.23.005(d).



ALASKA STATE LEGISLATURE
HOUSE FINANCE COMMITTEE

State Capitol, Room 519

Rep. Mark Neuman, Co-Chair

Rep. Steve Thompson, Co-Chair

Wednesday, February 17, 2016

1:30 PM

Agenda:

HB 224-PERM FUND: INCOME; DISTRIBUTION; PFD

3 NEW FN:

REV PFD Zero 2/15/16

REV T&T Zero 2/15/16

DOA VCCB Indeterminate 2/16/16

Invitation Only Testimony

Testifying in Person:

Rep. Mike Hawker

Juli Lucky, Staff, Rep. Mike Hawker - Questions or Sectional Walk-through

MH
JL

HB 224 – Fiscal Plan

The Common-Sense Solution

Rep. Mike Hawker

February 2016

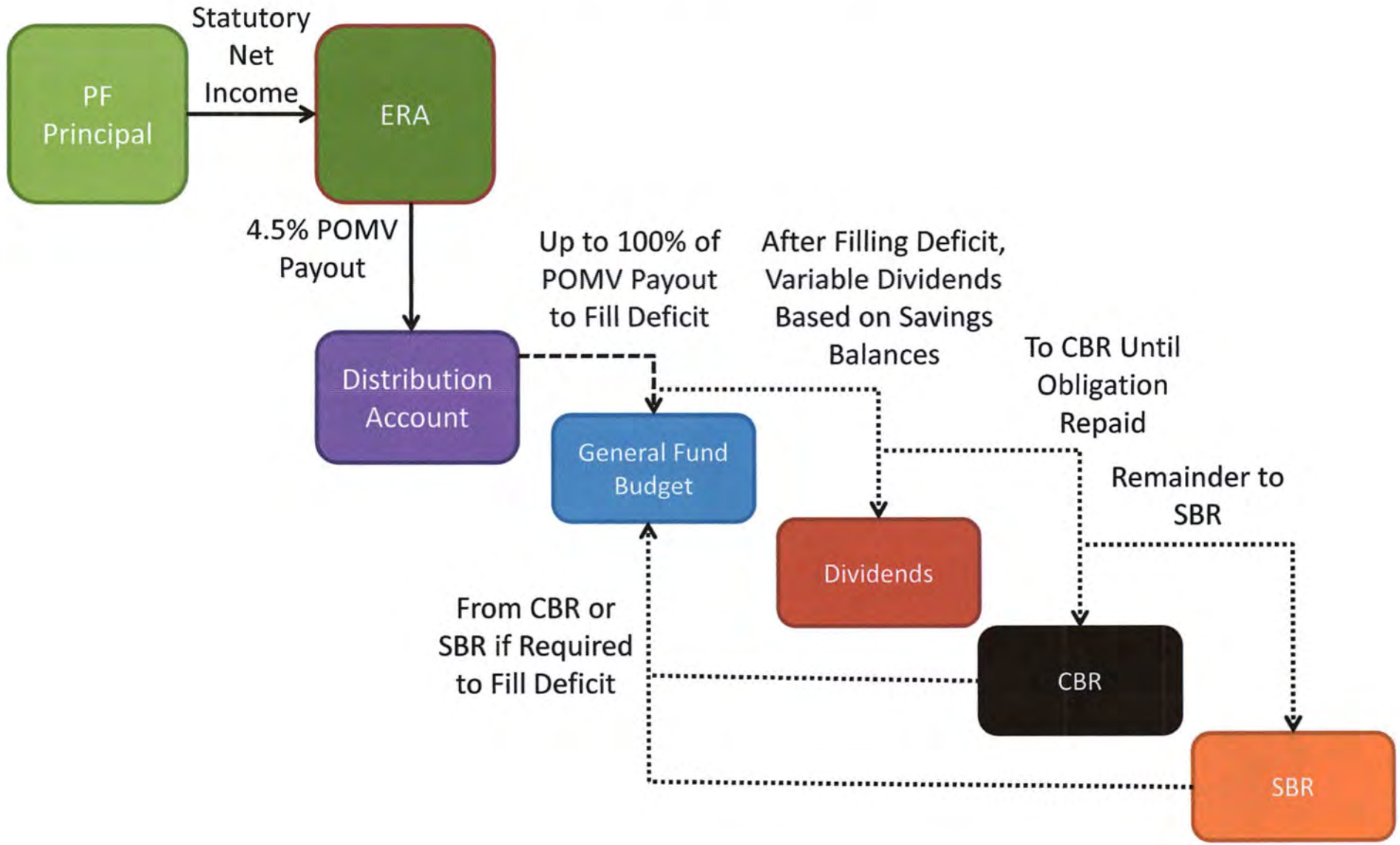
Mission Accomplished

- Long-term balanced budget solution
- Increasing Permanent Fund balance
- Responsible and affordable level of future dividends
- Strong budget reserves maintained
- A simple and common-sense structure
- No personal income taxes to pay dividends

Structure

- 4.5% statutory endowment from Permanent Fund earnings
- Endowment proceeds first used to balance budget
- Any excess money split between dividends and savings funds
- Savings funds used to stabilize the budget when revenue swings

HB 224 Cash Flow



Fiscal Plan

- 4.5% statutory endowment from Permanent Fund earnings used to balance budget
- Significant up-front reduction in government spending
- Some new up-front taxes to share economic burden of solution
- \$1.4 billion appropriated in FY16 used to guarantee dividends for next two to four years
- Future dividend amounts depend on legislative decisions to hold spending down

House Bill 224 - Fiscal Framework

Simplified Ten-Year Fiscal Model

in Millions

Revised Feb. 6, 2016

	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26
1 General Funds Budgets										
2 Revenue	2,690	3,121	3,230	3,211	3,273	3,231	3,176	3,160	3,146	3,146
3 Spending	(6,159)	(5,234)	(5,230)	(5,352)	(5,476)	(5,604)	(5,735)	(5,869)	(6,006)	(6,146)
4 (Deficit)	(3,469)	(2,113)	(2,000)	(2,141)	(2,203)	(2,373)	(2,559)	(2,709)	(2,860)	(3,000)
5										
6 Budget decisions	950	0	0	0	0	0	0	0	0	0
7 Inflation factor - 2.5% cumulative	0	(121)	(121)	(125)	(128)	(131)	(134)	(137)	(140)	(144)
8 Adjusted (deficit)	(2,519)	(2,234)	(2,122)	(2,265)	(2,331)	(2,504)	(2,693)	(2,846)	(3,000)	(3,144)
9										
10 Permanent Fund Endowment 4.5%	2,064	2,172	2,419	2,419	2,506	2,608	2,747	2,894	3,048	3,208
11 Remaining surplus (deficit)	(455)	(62)	297	154	175	104	54	48	48	64
12										
13 Draw from CBR	455	62	0	0	0	0	0	0	0	0
14 Appropriated to PFD fund	0	0	(297)	(154)	(175)	(104)	(54)	(48)	(48)	(64)
15 Transfer to CBR	0	0	0	0	0	0	0	0	0	0
16 Final surplus (deficit)	0	0	0	0	0	0	0	0	0	0
17										
18 Individual PFD (Actual \$)	1,000	1,000	424	219	250	149	78	69	68	91
19	Dividends could be increased in out-years by appropriations from the growing CBR.									
20										
21 CBR balance	6,895	7,177	7,536	7,913	8,309	8,724	9,160	9,618	10,099	10,604

**THE
COMMON-SENSE
SOLUTION**



REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE • DISTRICT 28

Anchorage • Glen Alps • Rainbow • Indian • Bird • Girdwood • Portage

House Bill 224 Sponsor Statement Version: SSHB 224

Short Title: State Planning & Budget; Perm Fund; PFD

House Bill 224 is a long-range fiscal plan that balances Alaska's budget, protects the Permanent Fund, pays dividends, and maintains our savings accounts without imposing personal income taxes.

The bill promotes a simple, common sense, and responsible balance of spending discipline, revenues, Permanent Fund earnings, and using other savings. Specifically, HB 224 requires a balanced budget; adopts a modern endowment model for the Permanent Fund; directs lawmakers to use Permanent Fund investment earnings to make up budget deficits before imposing income taxes on working Alaskans; preserves Permanent Fund Dividends; and deposits any future surpluses into savings.

Adopting the modern endowment management model ensures that the value of the Permanent Fund is protected against inflation. This model makes 4.5% of the value of the fund available each year for appropriation. The principal of the fund will still be permanently protected from spending.

Permanent Fund earnings available for appropriation must first be used to eliminate any budget deficit. The legislature retains the ability to also utilize new taxes, borrowings, fees, or other revenue raising measures, as well as making draws from our savings accounts. Once the budget is balanced, the excess Permanent Fund earnings are used to pay dividends to Alaskans.

Paying dividends after balancing the budget establishes a direct connection between Alaska citizens and legislative spending decisions. This connection motivates legislators to control spending growth.

When funds are available to pay dividends, those dividends are capped at an amount between \$250 and \$2,000 indexed on the amount of money on deposit in the Constitutional and Statutory Budget Reserves. The bill prohibits a personal income tax on working people at the same time dividends are being paid.

House Bill 224 respects and implements the intent of Alaskans who voted to establish the Permanent Fund as a "rainy day fund" set aside to provide necessary public services when our oil and gas revenues decline.

PUBLISHED: 2/5/16

SESSION: State Capitol, Juneau, Alaska 99801 • (907) 465-4949
INTERIM: 716 W. 4th Avenue, Anchorage, Alaska 99501 • (907) 269-0244
Rep.Mike.Hawker@akleg.gov • www.housemajority.org/hawker



REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE • DISTRICT 28

Anchorage • Glen Alps • Rainbow • Indian • Bird • Girdwood • Portage

House Bill 224 Sectional Analysis Version: SSHB 224

Short Title: State Planning & Budget; Perm Fund; PFD

- Section 1:** Adopts the modern endowment fund management model to limit the amount of money available for annual distribution from the Permanent Fund to 4.5% of the total fund value, excluding the Amerada Hess funds. The amount for distribution cannot exceed the current “income” amount calculated as the net income for the previous fiscal year plus the balance of the Earnings Reserve Account.
- Section 2:** Requires that the money available for annual distribution from the Permanent Fund, as calculated under Section 1 of this bill, is first used to satisfy any budget deficits and that the funds shall be used before a personal income tax is implemented.
- Section 3:** Transfers the money available for appropriation from the Permanent Fund Earnings Reserve Account to the “distribution account” established in Section 7 of this bill.
- Section 4:** Technical change to the statute that states that Amerada Hess funds cannot be distributed as dividends.
- Section 5:** Revises the dividend calculation to incorporate the new methodology for calculating the annual distribution from the Permanent Fund. The dividend calculation would remain mostly intact; the calculation would be based on the funds remaining in the distribution fund after satisfying any net general fund deficit in the budget. Dividends would be subject to the cap in Section 6 of this bill.

PUBLISHED: 2/5/16

Section 6: Caps the amount of an individual Permanent Fund Dividend based on the combined values of the state's savings accounts – the Constitutional Budget Reserve Fund and the Statutory Budget Reserve Fund. The caps range between \$250 and \$2,000 using a progressive scale indexed on the amount of money set aside in these funds.

Subsection (d) prohibits a dividend in a year when an income tax is assessed on state residents.

Section 7: Establishes a distribution account, which receives the annual distribution from the Permanent Fund.

This section includes a “waterfall” of priorities in appropriating the money deposited into the distribution account.

The first priority for funds in the distribution account will be to satisfy any net general fund deficit in the budget. This must be done before imposing an income tax on state residents and before Permanent Fund Dividends are paid.

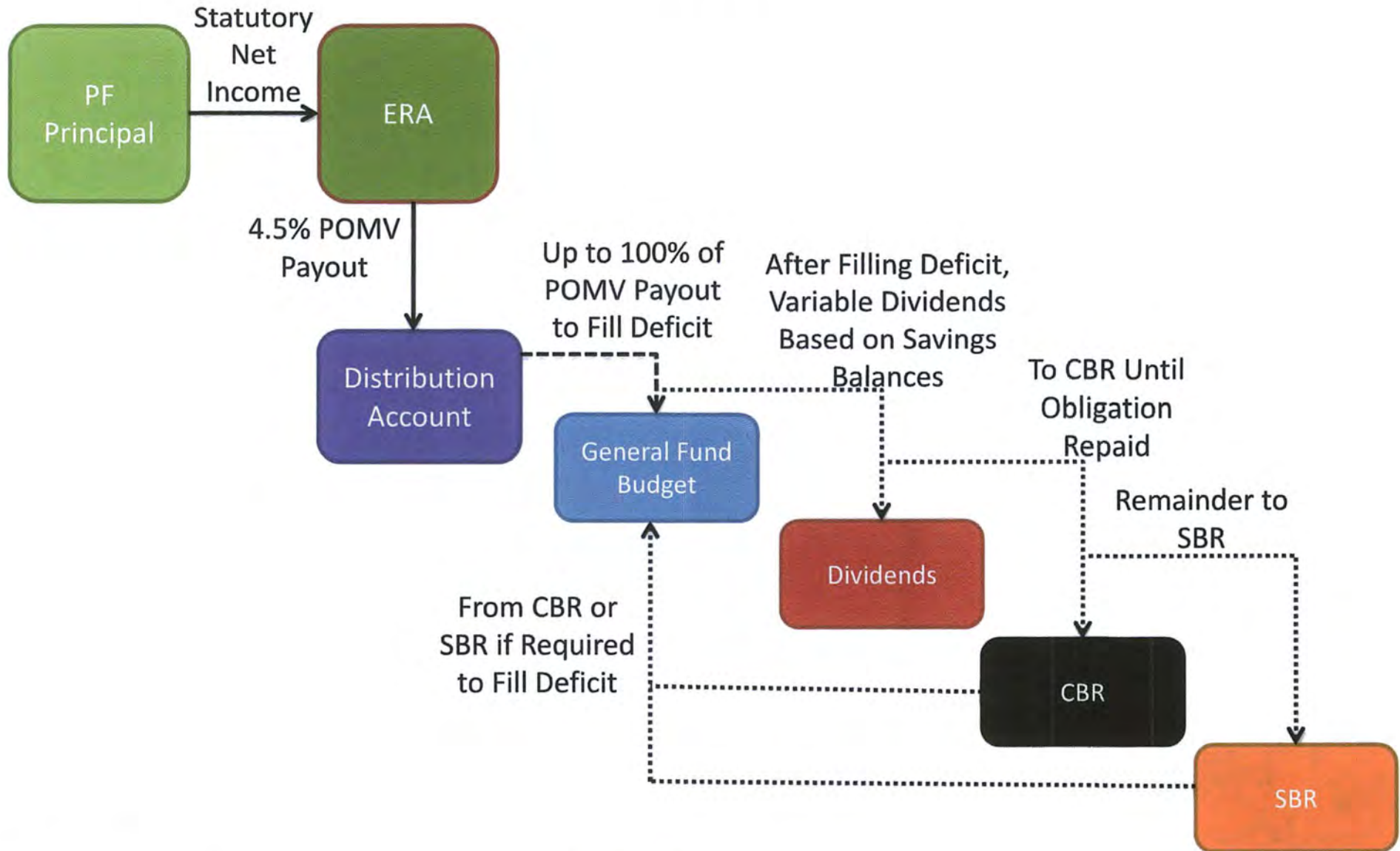
If funds in the distribution account remain after the budget is balanced, Permanent Fund Dividends will be paid according to the formula in Section 5 of this bill, subject to the caps in Section 6. Clarifies that funds can be appropriated to the dividend account from other sources.

After balancing the budget and paying dividends, any remaining funds will be used to repay any debt to the Constitutional Budget Reserve Fund. If there is no debt to repay or if there is money remaining after satisfying the debt, the funds will be deposited into the Statutory Budget Reserve Fund.

Section 8: Repeals AS 37.13.145(c), the calculation for inflation-proofing. The modern endowment fund management model makes this section obsolete.

Section 9: June 30, 2016 effective date.

HB 224 Cash Flow



House Bill 224 - Fiscal Framework
Simplified Ten Year Fiscal Model
in Millions

Revised Feb. 6, 2016

		Fiscal Year Ended									
		6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25	6/30/26
1	General Funds Budgets -										
2	Unrestricted revenues	d)	1,796	2,021	2,130	2,111	2,173	2,131	2,076	2,060	2,046
3	Cumulative new revenues			200	200	200	200	200	200	200	200
4	Designated GF revenue - baseline	i)	894	900	900	900	900	900	900	900	900
5	Total revenue		2,690	3,121	3,230	3,211	3,273	3,231	3,176	3,146	3,146
6											
7	Operating budget - baseline	i)	(5,408)	(5,408)	(5,408)	(5,408)	(5,408)	(5,408)	(5,408)	(5,408)	(5,408)
8	Capital budget - baseline	i)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)	(201)
9	Refundable tax credits adjustment	f)	(550)	(375)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
10	Cumulative spending cuts	c)		750	750	750	750	750	750	750	750
11	Cumulative inflationary spending	c)			(121)	(243)	(367)	(495)	(626)	(760)	(897)
12	Total spend		(6,159)	(5,234)	(5,230)	(5,352)	(5,476)	(5,604)	(5,735)	(6,006)	(6,146)
13											
14	Surplus (deficit)		(3,469)	(2,113)	(2,000)	(2,141)	(2,203)	(2,373)	(2,559)	(2,860)	(3,000)
15											
16	Policy calls										
17	Spending cuts		750								
18	New revenues		200								
19	Inflationary spend growth	j)		(121)	(121)	(125)	(128)	(131)	(134)	(137)	(140)
20	Borrowings										
21			950	(121)	(121)	(125)	(128)	(131)	(134)	(137)	(140)
22											
23	Adjusted surplus (deficit)		(2,519)	(2,234)	(2,122)	(2,265)	(2,331)	(2,504)	(2,693)	(3,000)	(3,144)
24											
25	Transfer from Permanent Fund Earnings - assuming 4.5% endowment										
26	Available for fiscal year	a)	2,064	2,172	2,419	2,419	2,506	2,608	2,747	2,894	3,048
27											
28	Surplus (deficit) after PF earnings draw		(455)	(62)	297	154	175	104	54	48	48
29											
30	Draw from CBR		455	62	0	0	0	0	0	0	0
31	Appropriated to PFD fund	c)	0	0	(297)	(154)	(175)	(104)	(54)	(48)	(64)
32	Transfer to CBR		0	0	0	0	0	0	0	0	0
33											
34	Final surplus (deficit)		0	0	0	0	0	0	0	0	0
35											
36	Estimated individual PFD (actual \$)	e)	1,000	1,000	424	219	250	149	78	69	68
37											
38	CBR balance	h)	6,895	7,177	7,536	7,913	8,309	8,724	9,160	9,618	10,099

House Bill 224 - Fiscal Framework
Simplified Ten Year Fiscal Model
in Millions

Revised Feb. 6, 2016

		6/30/17	6/30/18	6/30/19	6/30/20	Fiscal Year Ended		6/30/23	6/30/24	6/30/25	6/30/26
						6/30/21	6/30/22				
39											
40	Inflation										
41	Cumulative spend inflation factor	2.5% <---Input variable									
42											
43											
44	Dividend (PFD) fund -										
45	Balance forward	1,400	700	0	0	0	0	0	0	0	0
46	Appropriation from fiscal year	0	0	297	154	175	104	54	48	48	64
47	Paid in Fall after FYE	e) (700)	(700)	(297)	(154)	(175)	(104)	(54)	(48)	(48)	(64)
48	Balance for following fall	700	0	0	0	0	0	0	0	0	0
49											
50	Estimated individual PFD (actual \$)	e) 1,000	1,000	424	219	250	149	78	69	68	91
51											
52											
53	Constitutional Budget Reserve -										
54	Balance forward	b) 7,000	6,895	7,177	7,536	7,913	8,309	8,724	9,160	9,618	10,099
55	Estimate earnings at 5%	350	345	359	377	396	415	436	458	481	505
56	This line for direct deposits										
57											
58	CBR balance before EOY calculations	7,350	7,240	7,536	7,913	8,309	8,724	9,160	9,618	10,099	10,604
59	Draw	(455)	(62)	0	0	0	0	0	0	0	0
60	Deposit	0	0	0	0	0	0	0	0	0	0
61	Ending Balance	6,895	7,177	7,536	7,913	8,309	8,724	9,160	9,618	10,099	10,604
62											
63											
64	Maximum individual PFD allowed -										
65	Actual dollars per PFD	g) 750	750	1,000	1,000	1,000	1,000	1,000	1,000	1,250	1,250
66	Total dollars, in millions	g) 525	525	700	700	700	700	700	700	875	875
67											

House Bill 224 - Fiscal Framework
Simplified Ten Year Fiscal Model
in Millions

Revised Feb. 6, 2016

	Fiscal Year Ended									
	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>	<u>6/30/20</u>	<u>6/30/21</u>	<u>6/30/22</u>	<u>6/30/23</u>	<u>6/30/24</u>	<u>6/30/25</u>	<u>6/30/26</u>
68										
69	Notes:									
70	a) Endowment money available per analysis provided by APFC									
71	b) Beginning (June 30, 2016) estimate of \$7 billion per David Teal									
72	c) This is the cumulative total of previous years' cuts and income items shown in the "Policy calls" section of this schedule									
73	d) Fall 2015 Revenue Sources Book, Page 9 - However, FY26 extrapolated from FY25									
74	e) Hardwire first two years at \$700 million, = approximately \$1,000 per person - remaining years calculated using the amount available after balancing budget									
75	f) Adjustment per Fall 2015 Revenue Sources Book, page 76 - FY17 obligation, less \$73 million included in regular budget numbers									
76	g) Individual PFD cap in actual dollars - Savings balance and total payout in millions - cap determined on CBR balance before end of year (EOY) calculations and transfers									
77	maximum allowable total payout dollars estimated using 700,000 recipients									
78	<u>Savings</u>	<u>Individual PFD</u>	<u>Total PFD \$</u>							
79	0	250	175							
80	2,500	500	350							
81	5,000	750	525							
82	7,500	1,000	700							
83	10,000	1,250	875							
84	12,500	1,500	1,050							
85	15,000	2,000	1,400							
86	h) Money from CBR balance could be used to augment dividends in out years									
87	i) Baseline budgets extracted from FY17 budgets introduced by the Governor by removing "replumbing" components requiring statutory changes									
88	j) Calculated using input variable shown on top of Page 2									

Excerpt from the 1976 Official Election Pamphlet
The official statement made supporting Proposition No.2
Should a Constitutional Amendment be approved creating the Permanent Fund?

STATEMENT IN FAVOR OF PROPOSITION NO. 2

Alaskans Should Strongly Support the Establishment of a "Permanent Fund"

Just as a wise and prudent family sets aside money in a savings account for the future, so should Alaska's state government set aside a rainy day fund to benefit this and future generations of Alaskans. In a "Permanent Fund", you -- the voter -- can prevent a major source of income from being doled out for day-to-day needs or desires of state government by placing up to 25% of all revenue generated from non-renewable resources such as mineral leases, rentals, royalties and federal mineral revenue sharing payments and bonuses into such a fund.

In recent years the state legislature has been spending \$2.00 for every \$1.00 taken in. Authorities estimate that if the present rate of spending continues, Alaska will require a budget in excess of one billion dollars by or before 1980. Establishment of this "Permanent Fund" will provide for the use of the principal for *income-producing investments only* and provide a businesslike approach of permitting the State to meet countless community needs.

Today, as the result of anticipated oil and gas revenues, Alaska stands on the brink of unprecedented prosperity. No one, but no one, argues that these non-renewable resources will last but for a few decades. Similarly, no one should fail to recognize that in those years ahead the cost of state government will continue to spiral upwards. Now is the time to ask ourselves the question: "When the oil and gas is depleted, where will the funds to feed our giant government come from?" The answer is: the "Permanent Fund."

While it is to be hoped that such a fund may contribute to cutting cost or, at least, holding the line on state spending, its major value would be that it would require our elected officials to pause, reflect and research any proposal before blindly authorizing expenditures of taxpayers' monies. This would provide needed time for the press and public to also be aware of the pending project and its merit, instead of being out of public view and hidden in the spending pattern of normal day-to-day operations. Projects invested in with sources from the "Permanent Fund" could help broaden Alaska's narrow based economy and bring more stability to our State.

We would caution the public that while a "Permanent Fund" could provide a tool for accomplishing real needs for community improvements, it will, in the final analysis, not replace our collective responsibility to elect state administrators and legislators who will use the same reason and restraint in spending the public money as they would their own funds.

Establishment of a "Permanent Fund" is an exciting concept and when approved and properly used can serve long and well the best public interest of Alaskans.

VOTE "FOR"
THE ESTABLISHMENT OF A "PERMANENT FUND"

--Alaska State Chamber of Commerce



REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE • DISTRICT 28

Anchorage • Glen Alps • Rainbow • Indian • Bird • Girdwood • Portage

Governor Jay Hammond

Speaking on the creation of the Permanent Fund Dividend

Testimony before the Senate Finance Committee

March 15, 1982

“Invariably, skepticism changes to applause when I point out that if we tender, say, \$100 million in dividends, we should cut \$100 million of non-essential ‘want’ programs, the importance of which individuals can better determine and purchase for themselves from the private sector.”

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Components of Sustainable Fiscal Policy for Alaska

First published April 2003

- 1. Promote real economic development, a stable investment climate and job security**
- 2. Control the cost and growth of government mindful that every decision affects the lives of individual Alaskans**
- 3. Manage the Permanent Fund to protect its real value over time while providing a substantial individual dividend and a contribution to the cost of public services**
- 4. Structure the state's general revenue system for a balanced budget at mid-range oil prices that minimizes personal taxes and respects local governments' revenue structures**
- 5. Maintain a budget reserve fund for fiscal stability, drawing from it during lower-than-average oil price cycles and restoring it when prices are higher**

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