

HJR

41

<TARGET><BILL></BILL><SUBJECT>HJR
41</SUBJECT><COMM>HSTA30</COMM></TARGET>

ALASKA LEGISLATURE
House State Affairs Committee

Rep. Jonathan Kreiss-Tomkins, Chair

State Capitol, Room 411
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Rep. Gabrielle LeDoux, Vice Chair

Rep. Chris Birch

Rep. DeLena Johnson

Rep. Gary Knopp

Rep. Chris Tuck

Rep. Adam Wool

Rep. Andy Josephson, Alternate

Rep. Chuck Kopp, Alternate

HJR 41 — CONST AM: PERMANENT FUND; POMV; EARNINGS

Sponsor Statement

Currently, income from the permanent fund is deposited in the earnings reserve account, which is subject to appropriation at will by the legislature. HJR 41 would place an amendment before the voters to move the earnings reserve account into the permanent fund and limit spending to a sustainable, responsible level.

HJR 41 limits appropriations from the earnings reserve account to 4.75% of the market value of the permanent fund. The market value would be calculated as an average of the past five fiscal years. This sustainable draw rate protects the fund for future generations.

This approach to appropriations from the permanent fund would provide predictable and stable draws from the fund, allow the Alaska Permanent Fund Corporation to manage the fund for maximum return, and prevent unsustainable spending that threatens the future value of the fund.

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Sectional Analysis

Section 1: This section moves the statutory earnings reserve account into the permanent fund and limits spending from the earnings reserve to an amount sustainable over the long-term.

Section 2: This section allows an appropriation each year of no more than 4.75% of the average market value of the fund for the first five of the last six fiscal years. Appropriations cannot exceed the balance of the earnings reserve account.

Section 3: This section requires that money in the existing earnings reserve account be transferred to the earnings reserve account created by this amendment. The transfer occurs on the resolution's effective date.

Section 4: This section places the amendment on the ballot in the next general election.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HJR 41
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HJR41-LEG-SESS-04-09-18
Title: CONST AM: PERMANENT FUND;
POMV;EARNINGS
Sponsor: STATE AFFAIRS
Requester: HOUSE STATE AFFAIRS

Department:
Appropriation:
Allocation:
OMB Component Number: 0

Expenditures/Revenues

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

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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/comments:

INITIAL VERSION. ONE PAGE, ZERO NOTE.

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Approved By: <u>JESSICA GEARY, EXECUTIVE DIRECTOR</u>	Date: <u>04/09/2018</u>
Agency: <u>LEGISLATIVE AFFAIRS AGENCY</u>	