

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

3011 SCOMM 134: HOUSE SPECIAL COMMITTEE ON WAYS & MEANS 2003-04

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Adopted 4/30/03

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CS FOR HOUSE JOINT RESOLUTION NO. 26()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to and limiting
2 appropriations from the Alaska permanent fund based on an averaged percent of the
3 fund market value to protect the fund from inflation and ensure that the real value of
4 the fund is preserved over time.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

7 Section 15. Alaska Permanent Fund. (a) At least twenty-five per cent of all
8 mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
9 payments and bonuses received by the State shall be placed in a permanent fund,
10 Except as provided in (b) of this section, money in the permanent fund [, THE
11 PRINCIPAL OF WHICH] shall be used only for those income-producing investments
12 specifically designated by law as eligible for permanent fund investments. [ALL
13 INCOME FROM THE PERMANENT FUND SHALL BE DEPOSITED IN THE
14 GENERAL FUND UNLESS OTHERWISE PROVIDED BY LAW.]

15 * Sec. 2. Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding a

1 new subsection to read:

2 (b) Money should not be appropriated from the permanent fund unless the
3 annual amount appropriated is predictable and limited to protect the fund from
4 inflation and ensure that the real value of the permanent fund is preserved over time.
5 Therefore, appropriations from the permanent fund for a fiscal year may not exceed
6 five percent of the average of the market values of the fund on June 30 for the first
7 five of the six fiscal years immediately preceding that fiscal year.

8 * **Sec. 3.** Article XV, Constitution of the State of Alaska, is amended by adding a new
9 section to read:

10 **Section 30. Transition.** On the effective date of the 2004 amendment relating
11 to the Alaska Permanent Fund (art. IX, sec. 15), the unencumbered, unappropriated
12 balance of the earnings reserve account established under AS 37.13.145(a) is added to
13 the balance in the Alaska Permanent Fund.

14 * **Sec. 4.** The amendments proposed by this resolution shall be placed before the voters of
15 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
16 State of Alaska, and the election laws of the state.

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>28,076</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.



XJK 26

Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, Alaska 99802-5500

(907) 465-2047

April 15, 2003

Representative Ralph Samuels
Chair, Legislative Budget and Audit Committee
Capitol Room 414
Juneau, Alaska 99811

Dear Representative Samuels:

I am writing to request that the Legislative Budget and Audit Committee, as the Alaska Permanent Fund Corporation's (APFC) designated oversight committee, introduce legislation for joint house and senate resolutions. The APFC Board of Trustees unanimously supports the legislation. Please see the attachments.

The first attachment is the draft for the joint resolutions, entitled, "Proposing amendments to the Constitution of the State of Alaska relating to limiting appropriations from and inflation-proofing the Alaska permanent fund by establishing a percent of market value spending limit." Accompanying this draft for the joint resolutions is the APFC Board Resolution 03-05, which states the Board's support for the proposed legislation and explains the background and purpose of the legislation.

We look forward to testifying in support of the legislation in the committees of referral. Thank you.

With warm regards,

Robert D. Storer
Executive Director

attachments

c: Board of Trustees
Governor's Legislative Director

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.

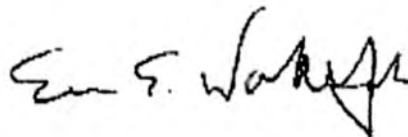
In addition, the Board believes strongly that implementing a POMV spending limit approach by constitutional amendment is such an important public policy goal that proposals for incorporating any other amendments to Article IX, section 15 which might in any way either lessen the chances of approval of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



Alaska Permanent Fund Corporation

P.O. Box 25500 Juneau, AK 99802-5500

Telephone (907) 465-2047

Facsimile (907) 586-2057

MEMORANDUM

DATE: April 27, 2003

TO: Lori Backes
Staff, Ways and Means Committee

FROM:  Robert Bartholomew
Chief Operating Officer

SUBJECT: Information Request on POMV

Attached is the documents referred to during testimony on HJR 26. The first item is a schedule of Endowment Spending Rates, for 1992 - 2002, from the National Association of College and University Business Officers (NACUBO). The second set is three pages from Greenwich Associates detailing the asset allocations, spending levels and long term goals for Endowments and Foundations, for 1998 - 2002.

Let me know if you need additional information.

ALASKA PERMANENT FUND CORPORATION

Endowment Spending Rates

Table 14
Average Annual Spending Rate, 2001 - 1992

Endowment Assets	2001 %	2000 %	1999 %	1998 %	1997 %	1996 %	1995 %	1994 %	1993 %	1992 %
Greater Than \$1.0 Billion	4.05	4.07	4.08	4.11	4.35	4.58	4.93	4.84	4.96	5.05
\$501 Million - \$1.0 Billion	4.76	4.76	4.56	4.63	4.74	4.94	5.28	4.92	5.06	5.23
\$100 Million - \$500 Million	4.81	4.76	4.57	4.71	4.78	4.93	5.05	4.94	5.09	5.25
Less Than \$100 Million	5.30	5.16	5.05	5.20	5.20	5.20	5.37	5.22	5.47	5.82
Public	5.03	4.93	4.76	4.83	4.81	4.87	5.02	5.00	5.20	5.61
Independent	4.99	4.90	4.75	4.91	4.98	5.09	5.29	5.06	5.22	5.34
Total	5.00	4.91	4.76	4.88	4.93	5.02	5.20	5.04	5.21	5.42

574 institutions provided information on fiscal year 2001 spending rate. The spending rate is calculated as the percentage of the beginning market value of the endowment that is made available annually for spending. The rate is calculated net of any expenses for managing and administering the endowment.

- The average annual spending rate for all institutions for fiscal year 2001 is 5.0%. Consistent with prior years, institutions with larger endowment have smaller spending rates.
- Institutions across all endowment categories were far more likely to base their spending policy on a prespecified percentage of the moving average of market values than on any other strategy. On average, 84.8% of the reporting institutions made this selection.

Information Source: National Association of College and University Business Officers (NACUBO)

Endowment and Foundation Fund Dollar-Weighted Asset Mix

Endowments and Foundations (249) (270) (317) (345) (381)

Type of Investment	Total Funds					2002 Plan Assets		
	1998	1999	2000	2001	2002	Over \$1 Billion	\$501-1,000 Million	\$250-500 Million
Active common stocks	43.8%	39.9%	36.1%	32.6%	27.4%	25.9%	31.4%	31.2%
Passive common stocks	9.3	10.1	9.6	9.2	8.4	7.0	13.5	11.3
Total domestic stocks	53.1%	50.0%	45.7%	41.8%	35.8%	32.8%	44.9%	42.5%
Active international stocks	10.2%	9.7%	10.9%	11.0%	11.4%	11.8%	10.6%	10.0%
Passive international stocks	1.4	1.5	1.2	1.0	1.0	1.0	1.3	0.8
Total international stocks	11.6%	11.1%	12.1%	12.0%	12.5%	12.8%	12.0%	10.8%
Fixed income	21.6%	23.9%	23.2%	26.3%	27.5%	27.3%	27.8%	28.0%
Equity real estate	2.6	2.4	2.9	4.2	4.2	4.6	3.1	3.8
Private equity	5.4	6.1	10.3	7.3	8.0	9.2	4.9	4.8
Hedge funds	-	-	-	4.8	7.8	8.3	5.6	7.7
Other*	5.7	6.4	5.8	3.6	4.2	5.0	1.8	2.4
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Dollar-weighted and projected to the Greenwich Associates universe.

*Real estate mortgages, guaranteed investment contracts, and short-term securities/cash are included in Other for 1998-2000.

Percent of Total Assets Spent By Endowments and Foundations

Endowments and Foundations (164) (168) (177) (176) (180)

Percent of Assets	Endowments					Foundations				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
1%	0%	1%	0%	2%	20%	3%	0%	3%	3%	19%
2%	0	0	1	1	6	1	1	0	0	1
3%	9	8	14	7	20	0	3	0	1	8
4.0-4.3%	23	26	22	22	12	1	7	5	7	9
4.4-4.7%	21	24	19	18	7	11	4	8	8	6
4.8-5.0%	23	18	21	23	20	41	33	41	24	34
5.1-5.3%	10	9	9	10	4	14	20	16	20	9
5.4-5.7%	9	6	6	10	4	14	13	8	18	1
5.8-5.9%	0	3	4	3	1	4	5	3	3	1
6%	1	0	3	2	2	5	5	11	8	5
7%	2	4	1	2	3	4	3	3	1	4
8%	0	0	0	1	1	0	3	1	1	0
9%	0	0	0	0	0	0	0	0	0	0
10%	0	0	0	1	0	1	0	0	0	1
Over 10%	1	1	1	0	0	1	3	3	5	3
Mean	4.7	4.7	4.6	4.7	3.7	5.2	5.3	5.2	5.4	4.3
Median	4.6	4.6	4.6	4.9	4.0	4.9	5.2	4.9	5.2	5.0

Endowments and Foundations Long-Term Spending Goals

Endowments and Foundations (164) (167) (173) (175) (180)

Percent of Assets	Endowments					Foundations				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
None	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
1%	0	1	0	1	29	3	1	3	0	28
2%	0	0	0	0	0	0	0	0	0	0
3%	2	1	3	3	13	0	0	0	1	1
4.0-4.3%	21	25	19	9	15	0	4	3	4	11
4.4-4.7%	23	24	15	20	8	4	3	8	3	10
4.8-5.0%	42	35	47	49	31	53	42	41	30	34
5.1-5.3%	7	5	9	8	1	12	22	21	22	4
5.4-5.7%	4	5	3	7	2	14	12	12	19	4
5.8-5.9%	0	1	0	0	0	5	4	1	5	0
6%	1	2	3	3	0	3	8	5	4	4
7%	0	0	0	1	1	1	3	4	1	0
8%	0	0	0	0	0	0	0	0	0	0
9%	0	0	0	0	0	0	0	0	1	0
10%	0	0	0	0	0	1	0	0	0	1
Over 10%	0	0	0	0	0	1	1	1	5	1
Mean	4.7	4.7	4.7	4.8	3.4	5.1	5.2	5.1	5.5	4.2
Median	4.9	4.6	4.9	4.9	4.1	4.9	4.9	4.9	5.2	4.6

Note: Means and medians exclude "None."

*Emailed to committee
4/23/03*

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 straightforward 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 relating to permanent fund income and income distribution must be amended to conform to 5 POMV. I urge you to preserve the current dividend formula when you change

these statutes. 5 POMV is too valuable to the permanent fund 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 existing statutes, 50% of the income available for distribution, or 4%, goes to the dividend program. Inflation-proofing then takes 3%, 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 the same 4%. 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.

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 critical first 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

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Mr. Edward Martin

Testimony on HJR26 - House Ways and Means
4/24/03

Ladies and Gentlemen:

I will speak my mind, straight talk. If passed, HJR26 as written, I and others I'm sure will resist its inclusion into our constitution.

I think it is one more poor way to manage the fund. The state legislature has a very large financial management problem! And so does the permanent fund corporation board of trustees! They have used the so called prudent man rule, investing about 99% of our fund outside of our borders- producing since 1999 about a loss of 6,000 million of our fund.

The sad part is that they continue the same policy and then are recommending this legislation to in effect, take more from the people of Alaska and let government have more to waste.

I consider the handling of this resource very wasteful and I think a common sense approach should be applied. Bet more on the owners of the fund by investing more inside our borders and remember the money has no value to the Alaskan citizen without its use. The juggling of percentages this way and that on earnings when you're losing not only the principle but the earnings there of.

It doesn't take a rocket scientist to figure out that its time to pull out of this nose dive. Fix the problem; Alaskan citizens are the losers. Cut the size of government, its too big and costs too much. Bring confidence of government back to the people you serve or there will be a heavy political price paid when the prudent citizen rule is applied at the ballot box!

This legislature ^{doe} does not benefit the citizens, only special interest. The people are not buying it.

Thank you for your attention.



Alaska State Legislature

Please enter into the record my testimony to the House Special Committee on
committee name ways and
means, Judiciary, Finance
Committee on HR 26, dated 4-24-03
bill # / subject

I am opposed to any changes in the current appropriations of the PFD. Our legislative body has a spending problem. A majority of our legislatures have made campaign promises to the constituents. We were told by our elected officials that they would leave our PFD alone. This is a violation of your constituents' trust. We need a balanced budget. The people of Alaska need the legislature to cut the excessive spending and leave our PFD appropriation's formula alone.

Signed: Laurie Churchill
Testifier

Representing (optional)

PO Box 7043
Address

907-776-3499
Phone number



Alaska State Legislature

Please enter into the record the following testimony to the House Ways & Means Committee on HJR 26 / Permanent Fund Appropriations.
Date: April 24, 2003

ALASKA VOTERS ORGANIZATION RESOLUTION 2003-12

A Resolution to the 23rd Alaska State Legislature in OPPOSITION to HJR 26, which would eliminate the Permanent Fund Dividend program and current provisions for inflation proofing.

WHEREAS, during the special statewide election held in 1999, the voters of Alaska expressed overwhelming opposition to the Legislature's proposed "Balanced Budget Plan" by a margin of over 4 to 1; and

WHEREAS, the Legislature put this clear question on the 1999 ballot: "After paying annual dividends to residents and inflation-proofing the permanent fund; should a portion of permanent fund earnings be used to help balance the state budget?"; 83% of Alaska's voters answered with a resounding NO; and

WHEREAS, most candidates elected in November 2002 promised they would not touch the Permanent Fund, without a vote of the people; and

WHEREAS, HJR 26 would allow the Legislature to make appropriations from the Permanent Fund without paying dividends to the people of Alaska, which is in opposition to the results of the 1999 advisory vote and election promises of the 2002 election; and

WHEREAS, government spending in Alaska now exceeds the average 1980's budget level, when the North Slope was at peak oil production; and

WHEREAS, North Slope oil production is currently only 50% of the 1980's peak, with oil royalty payments to the state reduced proportionally; and

WHEREAS, the legislature has failed to recognize the direct correlation between increased state spending and reduced oil royalty payments as being the underlying reason for the growing budget deficit; and

WHEREAS, the legislature has continued to fund our state government at an unsustainable level, by making annual withdrawals from the Constitutional Budget Reserve; and

WHEREAS, the legislature continues to deplete our Constitutional Budget Reserve while failing to submit any plan to repay this "rainy day account", as required by the Alaska Constitution; and

WHEREAS, by continually failing to address the overspending problem, the legislature must soon choose between tapping the Permanent Fund or making the cuts necessary to reduce the size and cost of state government to a sustainable level that corresponds directly to income available and population levels; and

WHEREAS, the Permanent Fund dividend is the only direct benefit most citizens realize as a result of Alaska's oil wealth; and

WHEREAS, there are many Alaskans living outside the "safety nets" provided by organized municipalities that rely on the Permanent Fund dividend to survive the harsh winter; and

WHEREAS, the annual Permanent Fund dividend has become a huge economic engine that many business owners rely on each winter; and

WHEREAS, 83% of voters in the 1999 election clearly said they could spend their dividend better than the state government;

NOW, THEREFORE, BE IT RESOLVED by the Alaska Voters Organization, Board of Directors, that HJR 26 be soundly defeated by all those who promised during previous election campaigns to defend and protect the Permanent Fund for present and future Alaskans;

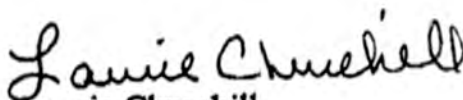
Adopted by the Alaska Voters Organization Board of Directors; this 22nd. day of April 2003.

Signed:



Michael McBride,
Board President

Attest:



Laurie Churchill
Board Secretary

Alaska Voters Organization, Inc.
P. O. Box 2016
Kenai, Alaska
99611-2016
(907) 776-8008
akvoters@gci.net

SCOMM

134:16

STATE OF ALASKA
HOUSE OF REPRESENTATIVES
Representative Jim Holm



119 N. Cushman
Fairbanks, AK 99701
TEL 456-7423, FAX 451-9293

State Capitol
Juneau, AK 99801
TEL 465-3466, FAX 465-2937

HJR 31
"Constitutional Amendment, PFD"
Sectional Analysis

2/10/4

Section 1 *amends* Article IX, sec. 15 of Alaska's Constitution:

It maintains the clause requiring that at least 25% of Alaska's mineral leases, royalties, etc., be placed in the Permanent Fund. Then it adjusts appropriations in keeping with Section 2.

Section 2 adds a *new subsection* (b) to Article IX sec. 15 of Alaska's Constitution regarding appropriations:

It states that appropriations from the Permanent Fund may not exceed 5% of the 5-year average market value of the fund. It also states that appropriations may not be used for dividends or other payments to all State residents.

Section 3 amends Article XV of Alaska's Constitution by adding a *new* section 30:

- (a) All individuals eligible to receive a permanent fund dividend for the year 2004 shall receive, in addition to the 2004 dividend, a payment of \$20,000. (After that, no more dividends are paid.)

All provisions that apply to the 2004 dividend also apply to the \$20,000 payment, except those which apply to the date and amount of payment as well as the "hold harmless" clauses.

- (b) In making the \$20,000 payment, all sub-accounts of the permanent fund are expended first before using any of the principal.
- (c) These provisions take effect on the day after certification of the 2004 general election.

Section 4 requires that this resolution be placed on the next general election ballot.

H02M

Am #1

**Transitional clause amendment
For HJR31**

Pg. 2, line 23, insert new paragraph (c) to read:

(c)Section 15 of Article IX as it read on June 30, 2004, applies to appropriations for fiscal year 2005. Notwithstanding Section 15(b) of Article IX, appropriations from the permanent fund may not exceed the following amounts for the following fiscal years:

- (1) fiscal year 2006 – five percent of the market value of the fund on June 30, 2005;
- (2) fiscal year 2007 – five percent of the average of the market values of the fund on June 30, 2005, and June 30, 2006;
- (3) fiscal year 2008 – five percent of the average of the market values of the fund on June 30, 2005, June 30, 2006, and June 30, 2007;
- (4) fiscal year 2009 – five percent of the average of the market values of the fund on June 30, 2005, June 30, 2006, June 30, 2007, and June 30, 2008;
- (5) fiscal year 2010 – five percent of the average of the market values of the fund on June 30, 2005, June 30, 2006, June 30, 2007, June 30, 2008, and June 30, 2009.

The reason for this amendment is to affect a functional fix to the transition. Without this fix, if the bill were to become law, the first year of earnings on the new smaller fund would be averaged from the old higher balances of 21 billion to 27 billion. The following year's balance of +/- 17 billion dollars would be averaged into the previous 4 higher balances. The next year would see an averaging of 3 high balances and 2 low balances and so on. This whole scenario would result in 5 years of declining revenue before settling out and would defeat the value of the proposed 5% spending cap.

Am #2
Rep. Oss

BILL ID: HJR 31

00 HOUSE JOINT RESOLUTION NO. 31

01 Proposing amendments to the Constitution of the State of Alaska relating to the Alaska

02 permanent fund, **education fund**, and to payments to certain state residents from the Alaska permanent 03 fund; and providing for an effective date for the amendments.

04 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

Section 15. (a) At least twenty per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. Up to five percent of market value of the permanent fund may be deposited in the general fund and may be used for any public purpose excepting any program that provides dividends or other payments to all State residents.

(b) At least five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in an education fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. The fund shall be managed by the by the managers of the permanent fund as provided by law. Up to five percent of market value of the education fund may only be expended as follows: one third to the University of Alaska for instruction and or scholarships and two thirds to the Department of Education for primary and secondary education.

01 * Sec. 2. Article XV, Constitution of the State of Alaska, is amended by adding a new

14 02 section to read: .

[UNLESS OTHERWISE PROVIDED BY LAW].

01 * Sec. 2. Article XV, Constitution of the State of Alaska, is amended by adding a
new
02 section to read:

03 Section 30. Payments From the Alaska Permanent Fund and Effective
04 Date. (a) Notwithstanding Section 15 of Article IX, each individual who is
eligible
05 under State statute to receive a permanent fund dividend for the year 2004 shall
06 receive from the State a payment in addition to that dividend. All provisions of
statute
07 and regulation that are both applicable to permanent fund dividends for 2004 and
in
08 effect on January 1, 2004, apply to payments under this subsection except
provisions
09 that relate to the amount of the dividend and the date the dividend is paid. The
10 balance of the principal of the Alaska permanent fund on the effective date of this
11 section, less **twenty one**[fifteen] billion dollars, shall be used for payments under
this section. The
12 balance, after the **twenty one** [fifteen] billion dollar deduction is made, shall be
divided equally
13 among all eligible individuals so that each eligible individual receives an equal
14 payment, rounded to the nearest cent.

15 (b) **Notwithstanding Section 15 of Article IX, upon effect of Section 30 (a) of**
16 **this amendment, six billion dollars shall be transferred from the permanent**
17 **fund (Section 15(a) of Article IX) and deposited in the education fund**
18 **Section 15(b) of Article IX.**

19 (c) [(b)] The 2004 amendment that amends Section 15 of Article IX and adds this
20 section to this article takes effect on the day after certification of the election
21 returns for the 2004 general election.

22 * Sec. 3. The amendments proposed by this resolution shall be placed before the
23 voters of the state at the next general election in conformity with art. XIII, sec. 1,
24 Constitution of the State of Alaska, and the election laws of the state.

Tax Brackets—2003 Taxable Income

Joint return	Single taxpayer	Rate
\$0-\$14,000	\$0-\$7,000	10.0%
14,000-56,800	7,000-28,400	15.0
56,800-114,650	28,400-68,800	25.0
114,650-174,750	68,800-143,500	28.0
174,750-311,950	143,500-311,950	33.0
311,950 and up	311,950 and up	35.0

Source: Tax Foundation.

Subject: hjr31

Date: Sat, 7 Feb 2004 12:20:15 -0900

From: "Dale Diviney" <ddiviney@wildak.net>

To: <Representative_Jim_Holm@legis.state.ak.us>

Hello Jim:

I think your PFD bill should include a provision to protect the kid's money. I would not vote for this if the parents were able to spend anyone's money but their own. This way this would be a big boost to the economy for years to come, and a way for kids who want to go to college a way to pay for it. It would also show our youth how money grows when it is saved.

Also I tried to use the POM System on line but it would not recognize me, a voter in the state for since about 1969.

Thank you
William Diviney

Subject: PFD

Date: Fri, 6 Feb 2004 23:10:45 -0900 (AKST)

From: annapanin@webtv.net (Ann Thompson)

To: Representative_Jim_Holm@legis.state.ak.us

I just read the Nome Nugget (jan. 29) about your suggestion. I no longer live there but occasionally read it on line. I don't recall the ADN publishing anything pertaining to this suggestion. I think your idea is great. We have too many migrants in and out of here benefiting from the PFD and get it illegally after their departure. Aliens also that bring there families here that get it. I was shocked when I applied for mine this year and saw at the bottom ALIENS. I guess After all these years it was the first time I noticed it. Let's do it your way and watch the exodus. Better yet stop all new applications after this year even new births in Alaska. They could tax everything except food and medicine. I don't know of any other state taxing food except in restaurants. I don't know where Murkowski got the idea to tax food...

Stop all the travel from Juneau that isn't necessary. Move the capitol up here build housing for rep. that commute. nothing fancy let them live moderate while they do their job. Build a modest house for the gov. He and others have their permanent residence. Taking the longevity bonus from our seniors has hurt them. I could complain forever but you go with your idea Rep. Holm You'll get my vote.

Ann Thompson

Subject: PFD Payout

Date: Thu, 5 Feb 2004 12:05:21 -0800

From: tomkat@alaska.com

To: Representative_Jim_Holm@legis.state.ak.us

Email For: Representative Jim Holm

From: tomkat@alaska.com

Name: Kate Hamilton

Street: 6406 Carlos Court

City: Anchorage

Zip Code: 99504

Subject: PFD Payout

Dear Rep. Holm,

I really like your plan for ballancing the state budget by offering a one time payout of the PFD. How can I get involved to get this bill passed?

Sincerely,

Kate Hamilton

Please Add My Email Address to your distribution list. Thank You.

Subject: Support for Proposed Permanent Fund Buyout

Date: Thu, 5 Feb 2004 09:41:51 -0900

From: "Hunt, Carol L." <HuntCL@alyeska-pipeline.com>

To: "Representative_Jim_Holm@legis.state.ak.us" <Representative_Jim_Holm@legis.state.ak.us>

Dear Sir,

I heard that you are backing the bill proposing the buy out of the PFD, and using the funds for government. I have been trying to push support for this idea forward, and am so very excited to hear that someone in government is also thinking that way. Working for Alyeska and living in Fairbanks, I've talked with quite a few people (ages 40 and up) that are also in support of this proposal. I feel that this is not only the best for State government, but also this will assist our seniors in planning and completion of final arrangements, plus assist in supplementing social security.

Thank you again, and please let me know how I can be of assistance.

Carol Hunt
2751 Silver St.
North Pole, AK 99705
dumiss@alaska.net

Carol Hunt
Environment Department
Records & Documentation Coord.
MS 814
Phone: (907) 450-7848
Fax: (907) 450-5579
Email: HuntCL@alyeska-pipeline.com

Subject: Support for PF Plan

Date: Wed, 04 Feb 2004 18:53:12 -0900

From: Terry and Marie <braves@gci.net>

To: Representative_Jim_Holm@legis.state.ak.us

We just wanted to send a note voicing our support for your permanent fund plan. One payout to those eligible then use it to support our state in the future. We think you could receive a lot of votes from the people for this plan if it went to vote. Most people would prefer one payout instead of increasingly smaller annual payouts. It appears to be a win-win for individuals and state services. Thanks and Good luck -
Terry and Marie Osborne

Great job!!!

Subject: Great job!!!

Date: Mon, 02 Feb 2004 11:26:43 -0900

From: Richard Zelinsky <zelinsky@gci.net>

To: Representative_Jim_Holm@legis.state.ak.us

Dear Representative Holm:

Thank you for all of your hard work. You probably feel like your job isn't worth all the stress and negative criticism that you receive. However, you *are* doing a great job.

I really am happy that you are working towards using a portion of the Dividend to pay for our government services. Please continue to do what's right and make a difference in this area!! Don't give up!! We can cut the dividend to \$500 a year/person and the rest should go for government.

Please, please do whatever you can to add \$26 million in funding to the Anchorage City School budget for next year. Carol Comeau and the Anchorage School District have been working hard at making their school district an excellent place for students. I speak for a family of five, and we feel the education quality is the top sign of what kind of place Alaska is. Don't let them dismantle their district when they need your help. Funding must increase!!

You can set a great example by doing what is right in these areas.

Good luck, and thank you again for your many, many efforts.

Sincerely,

Richard Zelinsky
Anchorage, Alaska

Subject: PFD

Date: Mon, 02 Feb 2004 09:56:47 -0900

From: Michael C Martin <mmartin1@pci.net>

To: Representative_Jim_Holm@legis.state.ak.us

Mr. Holm

My name is Michael Martin and I have lived in Fairbanks 50 of my 51 years. I am interested in more information on your proposal on the permanent fund payout. I do not believe that in five years we will still be getting a PFD check from the state so I am all for the payout.

Where can I get more info or how can I track the progress of this proposal?

Thank you for your time
Mike Martin

Subject: PFD

Date: Fri, 30 Jan 2004 15:52:19 EST

From: Jimyd55@aol.com

To: Representative_Jim_Holm@legis.state.ak.us

I saw an article on your idea to make one large payout to each Alaskan instead of yearly payment, this is an idea that I and most of my friends would support. My name is Jim Davis and have lived in Alaska for 30 plus years and I believe that this would solve many of the states problems let alone the boom it could bring to Alaskan themselves, Thank you for your time and your forward thinking

Subject: More Money For Education

Date: Thu, 29 Jan 2004 21:23:29 -0900

From: "Kimberley Garner" <garner@ptialaska.net>

To: <Senator_Johnny_Ellis@legis.state.ak.us>, <Senator_Bettye_Davis@legis.state.ak.us>, <Senator_Fred_Dyson@legis.state.ak.us>, <Senator_Con_Bunde@legis.state.ak.us>, <Senator_Kim_Elton@legis.state.ak.us>, <Senator_Hollis_French@legis.state.ak.us>, <Senator_Lyda_Green@legis.state.ak.us>, <Senator_John_Cowdery@legis.state.ak.us>, <Senator_Gretchen_Guess@legis.state.ak.us>, <Senator_Lyman_Hoffman@legis.state.ak.us>, <Senator_Georgianna_Lincoln@legis.state.ak.us>, <Senator_Scott_Ogan@legis.state.ak.us>, <Senator_Donny_Olson@legis.state.ak.us>, <Senator_Ralph_Seekins@legis.state.ak.us>, <Senator_Bert_Stedman@legis.state.ak.us>, <Senator_Ben_Stevens@legis.state.ak.us>, <Senator_Gary_Stevens@legis.state.ak.us>, <Senator_Gene_Therriault@legis.state.ak.us>, <Senator_Thomas_Wagoner@legis.state.ak.us>, <Senator_Gary_Wilken@legis.state.ak.us>, <Representative_Tom_Anderson@legis.state.ak.us>, <Representative_Ethan_Berkowitz@legis.state.ak.us>, <Representative_Mike_Chenault@legis.state.ak.us>, <Representative_Sharon_Cissna@legis.state.ak.us>, <Representative_John_Coghill@legis.state.ak.us>, <Representative_Harry_Crawford@legis.state.ak.us>, <Representative_Eric_Croft@legis.state.ak.us>, <Representative_Nancy_Dahlstrom@legis.state.ak.us>, <Representative_Hugh_Fate@legis.state.ak.us>, <Representative_Richard_Foster@legis.state.ak.us>, <Representative_Les_Gara@legis.state.ak.us>, <Representative_Carl_Gatto@legis.state.ak.us>, <Representative_Max_Gruenberg@legis.state.ak.us>, <Representative_David_Guttenberg@legis.state.ak.us>, <Representative_John_Harris@legis.state.ak.us>, <Representative_Mike_Hawker@legis.state.ak.us>, <Representative_Cheryll_Heinze@legis.state.ak.us>, <Representative_Jim_Holm@legis.state.ak.us>, <Representative_Reggie_Joule@legis.state.ak.us>, <Representative_Mary_Kapsner@legis.state.ak.us>, <Rep_Beth_Kerttula@legis.state.ak.us>, <Representative_Vic_Kohring@legis.state.ak.us>, <Representative_Pete_Kott@legis.state.ak.us>, <Representative_Bob_Lynn@legis.state.ak.us>, <Representative_Beverly_Masek@legis.state.ak.us>, <Representative_Lesil_McGuire@legis.state.ak.us>, <Representative_Kevin_Meyer@legis.state.ak.us>, <Representative_Carl_Morgan@legis.state.ak.us>, <Representative_Carl_Moses@legis.state.ak.us>, <Representative_Dan_Ogg@legis.state.ak.us>, <Representative_Norman_Rokeberg@legis.state.ak.us>, <Representative_Ralph_Samuels@legis.state.ak.us>, <Representative_Paul_Seaton@legis.state.ak.us>, <Representative_Nick_Stepovich@legis.state.ak.us>, <Representative_Bruce_Weyhrauch@legis.state.ak.us>, <Representative_Bill_Williams@legis.state.ak.us>, <Representative_Peggy_Wilson@legis.state.ak.us>, <Representative_Kelly_Wolf@legis.state.ak.us>,

<Representative_Bill_Stoltze@legis.state.ak.us>

Honorable members of the Senate and Legislature,

The amount of money that has recently been slashed from Alaska's education budget is unacceptable. I and many of my associates would vote in favor of allowing the state to use a portion of the pfd in order to help fund such essential services as police, fire and education. Thank you for your consideration.

V/R
Kimberley Garner

Subject: Dividend usage

Date: Wed, 28 Jan 2004 10:57:03 -0900

From: Keven Mader <kevin_mader@dot.state.ak.us>

To: Jim Holm <representative_jim_holm@legis.state.ak.us>

Rep Jim Holm.

I have lived in this state for almost 14 years now. The state is in need of money to help pay for state services and maintenance. I wish the state would open ANWR and get the gas pipeline going, but until then we are still hurting because this would take years to get into place. I have read info your in favor of cashing out the dividend, 50 % to the state and 50 % to the individual. I'm in favor of this not to get my hands on money but for many reasons. One to improve the states budget gap. Next to help ones in need of money from dead beat fathers or mothers. Also the state can collect on criminal warrants or traffic warrants owed to them. New developments the state could put into place for economic growth. Also, collage money I could put away for my children who might stay in state and lead the next generation for our great State of Alaska

Thank You

Kevin Mader.

Subject: Dividend

Date: Wed, 28 Jan 2004 10:53:52 -0900

From: "Julie Jo Johnson" <moo4me@hotmail.com>

To: Representative_Jim_Holm@legis.state.ak.us

Representative Holm;

Having been reading the News Miner (not the most accurate source of news around, granted) and talking with my family and peers, (again, accuracy notwithstanding) I have become rather confused about this "one big dividend" plan that you have been credited with coming up with. Am I correct in understanding that with your plan, everyone eligible for the 2004 dividend will receive a large payout, around 20,000 dollars, and then the dividend program as we know it will cease to exist? In theory, I can see wonderful things happening as a result were that to happen. My issues arise from current abuses already being perpetrated against the Permanent Fund. I do not know ONE SINGLE PERSON in Alaska who does not know at least one person who improperly receives a dividend. I include the criminal element, the deadbeat parents, the truly fraudulent "part-time" Alaskans who haven't even SEEN snow in the past 10 years except on television. And lest I forget...the military. I, sir, am a fifth generation Alaskan, very grateful to the military for their presence here in the Fairbanks area and the contributions to our local economy. I myself work for a military contractor, on Eielson. In the scope of my job, I run across people EVERY DAY who buy all of their groceries on base, buy and register their cars out of state, mail order anything they cannot purchase on the base or get a military discount for in town. These people vocally disparage the isolation of our great state, they count the days until they are sent to greener pastures, and they feel they have EARNED that dividend. They feel like their time here is like jail, they care nothing for our community or the people in it. One gentleman stationed here had the nerve to tell me at dividend time this past year that it was the 3rd year in a row that his dividend and those of his entire family (wife and 4 kids) were going towards the purchase of property in another state, that he couldn't WAIT to leave here in 2005, and that the dividend would be the only thing he missed. THESE 6 PEOPLE ARE GOING TO EACH GET 20 GRAND? Oh, no no no! Do I believe the military as a whole should be excluded from this payout? You bet. The cost of living for a military family in Alaska is considerably less than that of a civilian, regardless of where the "home of record" is. Another thing about this plan that disturbs me is the federal government getting a big chunk of everybody's cash. That, coupled with the fear of a mass exodus (all of those people who have been wanting to leave Alaska but could never afford to) and the resultant economic "boom-bust" make me very hesitant, and I must say that having known you personally for many years and respecting you as I do, it's difficult for me to not agree with you wholly on something. I trust your judgement to a fault, and I KNOW there must be something I am not understanding here. I would ask you "Why one large payout rather than 4 medium sized ones over the next few years?" or "Why mess with the dividend at all?" I realize that you are very busy and the LAST thing you have time for is explaining yourself to some ignorant blonde chick in North Pole, but I really want to understand this plan and the benefits that it will provide myself and my loved ones with, now and in the future. I look forward to a response from your office soon.

Sincerely,
Julie Jo Johnson,
North Pole

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<https://broadband.msn.com>

Subject: Alaska Permanent Fund

Date: Tue, 27 Jan 2004 21:57:58 -0900

From: carla kusmider <kusy@mtaonline.net>

To: Representative_Jim_Holm@legis.state.ak.us

Hi,

I TOTALLY agree with you on the Alaska Permanent Fund. I have been raised/lived in Alaska since 1965.

I really hope to see the day the Alaska Permanent Fund will be handed out in big checks to everyone and use the remains for the State of Alaska. PLEASE...don't give up on this idea. I believe it is mostly the newer Alaskans that want to make sure they are in on the money and they think they will get more if it stays the same. I can vouch that since the first payout, which I did receive and every year after that; totals up around 20,000. Again that is 20 years worth. These people are (bluntly) stupid if they think the Dividend is going to last forever and that they will get rich off it. I really have my doubts on that. I would LOVE to see a Final big check in my hands. IF I could, I would sign off my share. I FAVOR the pay out. Not only because of the money, but I would like to see how many Alaskans really do love Alaska and would remain if the Dividend was gone. No more talk about it and the State could use the money. Especially for the Schools!!!

I have heard from the Alaskans that don't like this idea, but...if it was \$50,000.00 per Alaskan they told me they would really consider it. Me, personally, I would like to see any final payout to get it done and over with. My parents raised their kids here with NO monies and they did fine. I personally believe THEY were here in the 60's and 70's and 80's but the time the Dividend started, they already raised us. They had no extra help with raising their family. Soooo WHY should the new comers have the Glory of it all when they wasn't here during the hardships and slope working days like my family was ...who never had it easy like the new people have. Don't make sense to me.

I thought the Zobels wrecked the Alaskan ways with the Dividend. Gov. Jay Hammond was correct. He was thinking of the future with the older Alaskans. Payouts depending on years of residency. It is definately MORE fair than the way it turned out. Now the unfairness is to the older Alaskans who didn't have the Glories of the Dividend to help support their families.

But...in my heart...the people working and making it happen back then...regardless if they didn't receive monies to help thier familys in the days it was all forming and happening..are the REAL ALASKANS.

Thanks for bringing up the payout. I will vote for it if it comes to it.

Sincerely,

Carla Kusmider

kusy@mtaonline.net

Subject: One-time dividend

Date: Tue, 27 Jan 2004 21:43:59 -0900

From: "Mike & Jody Starkey" <starkey@mosquitonet.com>

To: <Representative_Jim_Holm@legis.state.ak.us>

I urge you to reconsider your proposed one time dividend payout. While \$15,000 (after taxes) may be nice for those of us who receive it, I believe it flies in the face of the original intent of the dividend program. Future generations have a right to continue to share in the profits from the state's natural resources. I believe those who support the one time payout are selfish and greedy. I further believe that once the citizens of Alaska no longer have a vested interest in the permanent fund they will stop paying attention to what is being done with their money and the government will soon squander it all. Of course, we all know that is exactly what politicians want. That's why every year there is a new scheme to raid the fund.

Sincerely,
Mike Starkey
North Pole

Subject: PF Bill

Date: Tue, 27 Jan 2004 16:49:22 -0900

From: "KM Cozby" <dustin@gustavus.ak.us>

To: <Representative_Jim_Holm@legis.state.ak.us>

Representative Holm-

I heard a blip on the radio news last week, I live in bush Alaska and do not hear or read a lot of media. It talked about a bill you are sponsoring promoting a one time payout and then turning the fund over to the state? It sounds like it is before the ways and means for framing. My questions are is this true, do you think it has any teeth, and where can I find more information on it? Also would this ultimately have to be put before the people for a vote? What are the chances of framing it where you would have a choice, either a one time payout or continue yearly checks. Any information on this would be appreciated.

Sincerely, Keith Cozby

e-mail dustin@gustavus.ak.us

Subject: One time pay out

Date: Tue, 27 Jan 2004 12:39:11 -0900

From: John Libertini <John_Libertini@dot.state.ak.us>

To: Jim Holm <representative_jim_holm@legis.state.ak.us>

Jim:

I think you have a great idea... It's time to get rid of the fund as we now know it and start supplementing the State's budget. Alaska is turning into a welfare state, people are immigrating at an alarming rate, just for the dividend check. If you did some research you would find many families with up to 15 individuals living in one house. Not only are they coming from the lower 48 but many are coming from outside our borders. As you stated in your article, Child support would have a great day. As a father of two I know what it would mean for all those single mom's out there, who are fighting their dead beat counterpart for support of their children. It would be nice to see them pay up. As for me and many others, we could start our own fund and by the time my two are ready for a higher education, the money would be there. Thanks again for your aggressive thinking.

John Libertini

Subject: One time payout

Date: Mon, 26 Jan 2004 23:03:08 -0900

From: Will & Dione <mulva@gci.net>

To: Representative_Jim_Holm@legis.state.ak.us

Dear Mr. Holm,

I know you are a busy man, so I will not waste any more of your time than necessary. I'm not sure how many of these types of emails you receive, but I just wanted to put in my two cents worth about what you brought up late last week concerning the one time giant dividend payouts. This was brought up once before a few years ago and most everyone I talked back then, and right now would not only support it, but LOVE IT!!! So many people could get out of debt, maybe move to a better neighborhood, buy a better car, or get the Internal Revenue Service off there back. Not to mention all the back child support or student loans collected through garnashes. I would bet my life on the fact that if this was put to a statewide vote, it would pass easily. PLEASE do not give up on this. Thanks so much for your time

Sincerely,

Will Stuart
Anchorage

Subject: Permanent Fund Payout

Date: Mon, 26 Jan 2004 12:32:09 -0900

From: "Finley, Warren" <WFinley@borough.kenai.ak.us>

To: "Representative_Jim_Holm@legis.state.ak.us" <Representative_Jim_Holm@legis.state.ak.us>

Dear Representative Holm:

Thanks for a little common sense in this whole mess. To turn over the permanent fund to the legislature is ludicrous. We both know that once the fund is tapped it will be used until gone. Granted we do have a budget crisis and we need to decide if further generations need a token yearly payout. However, your plan will insure that those who getting a dividend will continue to get one if they invest and it will continue to grow. Something will have to give or we will lose our dividend completely. Not to mention the money windfall for the State and the far reaching effects that your payout would have. Please keep fighting for it.....Thanks Warren Finley

Subject: PFD

Date: Mon, 26 Jan 2004 09:12:02 -0900

From: sam and kellie <canoeadv@alaska.com>

To: Representative_Jim_Holm@legis.state.ak.us

My husband and I read the proposal in Sundays newspaper. We would be happy if the PFD was settled once and for all. We are tired of hearing how badly the states needs our PFD's and would love to take the pay off and be done with it once and for all.

We realize there was some good points brought up about those on assistance ect. However, I am sure there are solutions to work around these problems. It would be a good thing for many.

It was brought up that people would leave Alaska. It is not the PFD's that causes people to stay here in AK. The small amount of income the fund has provided is not much of incentive make people stay here. We live here because we love this state. For those who plan to leave--let them go!! They would eventually go either way. This topic has come up often in our circle of family and friends. We've all agreed that we would purchase land, homes, pay off debts and open retirement funds. If we had a lump sum that is exactly what ALL of us said we would do. It would provide security for us to stay here in Alaska.

We are all for it.

Sam and Kellie Munk Kenai AK

We vote--LET'S DO IT ONCE AND FOR ALL !!!

Sam and Kellie Munk Kenai AK

Subject: PFD**Date:** Sun, 25 Jan 2004 21:11:04 -0900**From:** "Freeman Family" <freeman@mtaonline.net>**To:** <Representative_Jim_Holm@legis.state.ak.us>

I am interested in the recent proposal to "buy out" the dividend. I agree. Since the late 80's (and I admit that's not long after we started getting checks), I have thought this might be good for everyone. If people could have invested back then in homes, stock, bonds, etc, they might be better off right now. My husband and I ended up leaving in the oil crash of the mid-80's just so we could find jobs to feed our kids. If we had the money before then, we would have stayed. As it was, we didn't get back to our home state for 3 years.

I also think if you were to raise the amount by five or ten thousand per person, you would have an easier time getting the constituents to ok this "buy-out." People want to be able to do more with it than pay a few bills. Once the bills are paid, the money is gone, and a small sum doesn't bring much income when invested. Larger sums would be more likely to be sunk back into this economy be people paying off their homes or buying their first homes.

Thank you for your time.

Karen Freeman
freeman@mtaonline.net

Subject: PFD Buy Out

Date: Sun, 25 Jan 2004 21:12:57 -0800

From: freeman@mtaonline.net

To: Representative_Jim_Holm@legis.state.ak.us

Email For: Representative Jim Holm
From: freeman@mtaonline.net
Name: Bryan K. Freeman
Street: 4625 S. Navigators Circle
City: Wasilla
Zip Code: 99654

Subject: PFD Buy Out

Sir, your recent proposal to \"buy out\" the dividend is perfect. The only problem is all the people that I am in contact with and there are literally hundreds a day, prefer 30-50 thousand buy outs. I think if you were to boost the buy out by 5-10 thousand per dividend then you would have no problem selling your proposal to the public. 20 thousand is not a large sum now days. 25 is much better and anywhere between 30 and 50 thousand \"take home.\" You would be assured to have my vote. But 20 thousand would barely dent my debt and as an investment is not going to present a resonable return.

Please consider a higher number. Because the pay out will be one time, but your income for the government will be forever, as long as there is oil.

Bryan K. Freeman
freeman@mtaonline.net

Please Add My Email Address to your distribution list. Thank You.

Subject: Alaska Permanent Fund idea

Date: Sun, 25 Jan 2004 18:52:06 -0900

From: Gigi Pilcher <warriorwoman@kpunet.net>

To: Representative_Jim_Holm@legis.state.ak.us

Dear Rep. Holm,

I read with interest about your proposal on the Alaska Permanent Fund. It has merit.

My son was born and raised in Alaska. He graduated from the Alaska National Guard Youth Challenge Corps (now called Alaska Military Academy) in 1996.

On April 30, 1996, my son's 17th birthday, we signed permission for him to enlist in the U.S. Marine Corps. He left for boot camp on June 3, 1996 from Anchorage, Alaska.

Since that time, my son has proudly served our country. He retained his Alaska residency and comes home every chance he gets.

This year, he served our country at war in Iraq. Before he left for Iraq and the war in March, he came home to Alaska for ten days.

He came home from Iraq in September and spent two weeks home in Alaska over the holidays.

Each year he has received his permanent fund check although each year he has to jump through many hoops to get it.

However, because he remains in the U.S. Marine Corps, in 2006 he will no longer be able to get his permanent fund check.

According to the law.....after ten years out of Alaska you loose it.....no matter your reason for being gone or how many times you come home and even if you plan on retiring here after your service is done. My son hopes to return to Alaska when he is 37 (he will have 20 years of service) and join the Alaska State Troopers.

If your plan regarding the permanent fund comes through, my son would still be able to get his share and use it to buy land to build his home on.

Good luck to you,

Gigi Pilcher

Ketchikan

Subject: "Permenent Fund"

Date: Sat, 24 Jan 2004 14:17:40 -0800

From: clarkmf <clarkmf@plu.edu>

To: Representative_Jim_Holm@legis.state.ak.us

TO Mr. Jim Holm,

You should run for the Senate! I can't tell you how happy I am with your proposal concerning the permanent fund. I am a college student attending Pacific Lutheran University... I need an insentive to come back to my home state. I plan on going into education ... and my feeling is that our state is not able to fund the rural schools very efficiently here in the last decade. The incentive for me to come back.. would be the assurance that the state would have more money to work with concerning education... perhaps that higher salaries, nicer schools, and happier people. There are plenty of down sides to a lump sum payment... but I'll take it. If there is anything I can do to push this thing through.., please let me know. Sincerely, Michael Clark

Subject: PFD Buyout

Date: Sat, 24 Jan 2004 12:45:24 -0900

From: Jerry J <muldoon1@gci.net>

To: Representative_Jim_Holm@legis.state.ak.us

I support this idea. Let's make it a reality.

Gerald Johnston
262 Melody Place
Anchorage, AK 99504

Subject: pfd

Date: Sat, 24 Jan 2004 13:14:27 -0800

From: kwilsonalaska@hotmail.com

To: Representative_Jim_Holm@legis.state.ak.us

Email For: Representative Jim Holm
From: kwilsonalaska@hotmail.com
Name: Kathy Wilson
Street: 2019 Capitol Ave
City: Fairbanks
Zip Code: 99709

Subject: pfd

I support your proposal. I feel that one way or the other the government of Alaska will use the money eventually anyway. My husband has been ill and has not been able to work for over 4 years. He is young and appears well, however, no one believes us. We have applied for social security disability to no avail. I for one do not believe the system is there to help us, although it is supposed to. All we have come up against anywhere is brick walls.

We are sinking here and it would certainly help us. We love Alaska and have been here over 20 years.

Another aspect that might attract attention is to offer the onetime payout to those of us that want to opt out of the yearly dividend and let us take the onetime payment. It would be easy.

We have contacted senators, previous government employees, and state offices. No one can help us, they say. I believe no one is interested in really pursuing the issues of my husband's illnesses. It won't benefit them.

By the way, my son Matthew is friends with Austin and we LOVE your greenhouse. Marcia was my son William's kindergarten teacher and he still talks about her. Have a great year.

Please Add My Email Address to your distribution list. Thank You.

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10/2/2003

wilderness. Izembek Lagoon hosts virtually all the Pacific Coast population of Brant geese part of the year because it has the Pacific coast's largest eel grass beds. Large numbers of threatened Steller's eiders, emperor geese and many other waterfowl and shorebirds also use this vital area.

A road connecting Cold Bay and King Cove should not be considered. Road proponents spuriously claim it is a medical necessity to be able to drive from King Cove to Cold Bay, which is served by larger aircraft to Anchorage. However, blizzards and flooding sometimes would make this proposed road impassible.

The most logical and economical approach to handling medical evacuations from King Cove is construction of a 5.6-mile road to a landing facility at Lenard Harbor and the use of a helicopter, hovercraft or ferry to Cold Bay. This alternative would cost much less than to build and maintain a 33.5-mile road to Cold Bay, and it would not violate Izembek National Wildlife Refuge.

If King Cove residents want a road for additional access for hunting, fishing and other recreational or economic reasons, they should build and maintain it on their own lands at their expense.

-- Edgar Bailey

Homer

State should do one-time payout and then use fund for government

I have been reading about sales taxes, income taxes, slashing vital programs, lower oil revenues, raiding the Permanent Fund and budget deficits.

A few years ago, former Sen. Jerry Mackie introduced what was called "The Mackie Plan." At that time, some people thought his idea was crazy! We now know that he was about four years ahead of his time on this one and that he was right! From all indications, the dividend will soon be gone. His plan was simple and easy to understand. It should receive a vote of the people.

The Mackie plan would pay a final, one-time Permanent Fund dividend of \$25,000 to each eligible Alaska resident. At this year's dividend amount, this would equal about 22 years' worth of dividends in advance. The Permanent Fund would then end. The Constitutional Budget Reserve would then be added to the remaining balance of the fund and it would continue to be managed by the Permanent Fund Corp. The principal of the fund would never be spent. Continued deposits of oil revenues and inflation proofing would ensure that the fund would grow every year. Using just the earnings of the fund would be more than enough to balance the budget on an annual basis. Forget about taxing everyone out of existence or stealing the dividend. Put it on the ballot, and let the people vote!

-- Patricia Lewis 907-573-4020

Wasilla

possible
testimony to
plan

Jerry Mackie, I laughed at your plan too early. Can we get it back?

Dear Jerry Mackie Plan: I'm sorry I laughed at you. I want you back.

-- Curtis Smith

Anchorage

*No Curtis Smith listed
1 million C. Smith's*

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Subject: Opinion on PFD Plan

Date: Wed, 12 Nov 2003 14:55:33 -0900

From: "Jim Dube" <dube_jim@hotmail.com>

To: Representative_Jim_Holm@legis.state.ak.us

Sir-

I read in the paper that you are proposing a PFD payout similar to the one that was proposed a few years ago. I wanted to let you know that as an Alaskan resident I am in favor of your plan, although I'm curious how the \$16,000 was arrived at. I'm assuming it's the downturn in the stock market and the lower value of the stocks today than a few years ago. If I understand correctly, the state general fund would receive it's own sort of "dividend" in the form of interest on what's left of the principal. I think this would be a great way to help solve the deficit, while giving the alaskan economy a shot in the arm. This would give the average citizen a chance to start a business, buy a house, or invest in their childrens' education.

Sincerely,
Jim Dube
Anderson, AK

MSN Shopping upgraded for the holidays! Snappier product search...
<http://shopping.msn.com>

Subject: Jim Holm Budget Proposal

Date: Sun, 9 Nov 2003 10:38:21 -0800 (PST)

From: "C. Vincent Shortt" <inntv@yahoo.com>

To: barbara_cotting@legis.state.ak.us

Bravo! Please pass along my personal appreciation for Jim's work on the pending one time PDF payout....and my support for his efforts. It is the right idea at the right time...and you can count on the support of this Fairbanks household...100%. Best Wishes, C. Vincent Shortt, inntv@yahoo.com

C. Vincent Shortt, Author, Columnist, Keynoter-NATPE, IFW/TWA, NATJA, IFA. **President, Shortt Stories TV**, *Senior Editor, Shortt Trips, LLC*, *Executive Producer, Alaska Magazine TV*, *Historic Hotels of America*, *Great Country Inns*, *Inn Country USA*, *The 1840 Carolina Village*. T: 907-452-3232, F: 907-452-3229 E: inntv@yahoo.com
P.O. Box 84628, Fairbanks, Alaska 99708..1391 Ridgpointe Drive, Fairbanks, Alaska 99709.
GOOGLE.COM enter **C. Vincent Shortt**

Matt:
For your file.

Subject: Permanent Fund Dividend

Date: Thu, 20 Nov 2003 20:13:16 -0900

From: Bill & Jeannette Joosse <bjoosse@gci.net>

To: Representative_Jim_Holm@legis.state.ak.us

>From what I have read I would support your imitative for a \$16,000 permanent fund dividend one time payment for all Alaskans. However, I strongly believe that for all citizens under the age of 18, the payment should be kept in escrow by the State until the individual reaches the age of 18. The State could offset the administrative fee for handling these escrows from the interest they would earn. I think it is unfair to the children of Alaska that many of the parents squander the child's dividend earnings. In fact, if we continue on with the current dividend payout program, an initiative to establish an escrow account for children under 18 would be a very noble action to take.
Thank you for letting me voice my opinion.

Sincerely - a registered voter

Jeannette Joosse
125 Charles St
Fairbanks AK 99701

file

For pay out
Plan possibly
testify

Sue
Beckley
452-7451

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file [other perm fund ideas]

Jim Holm

From: "Tomsha" <musicmrt@mosquiconet.com>
To: <holmtownnursery@gci.net>
Sent: Wednesday, November 12, 2003 1:37 PM
Attach: header.htm
Subject: Letter to JIM

Jim Holm
PO Box 71565
Fairbanks Ak. 99701

November 9, 2003

Hi Jim,

This correspondence is in regards to the conversation we had this afternoon. I appreciate your return call and hope you succeed in finding ways to close and/or fill the state's financial gap.

In regards to a budget alternative, these are a few ideas that should be considered. These ideas could solve this grave problem by utilizing our permanent fund. Alaskan voters must answer this question.

Is this plan the most beneficial to the citizens of Alaska?

Here are the main points of my assertion:

- 1) Payout 1/2 of the permanent fund to all Alaskans.
- 2) Keep the PFD program in place.
- 3) Access to the fund by the state would be granted only as a loan/bond.

My reasoning in regards to the three main points of this are as follows:

- 1) For Alaskans to vote for a payout, which then enables the state to borrow from the fund, a dividend of this amount is certainly enough to get the vote passed, I believe with a high majority.
- 2) By keeping the PFD programs in place we all will see future benefits, as I believe the fund will continue to grow.
- 3) By issuing a bond between the state and the PFD program, we are then only financing our government with payback scheduled. I believe we have no way to lose because of the fact that our natural resources will be tapped in the very future.

In closing, I will spare you most rhetoric. However, I think there are representatives, such as yourself, who understand the direction the state needs to relieve it of its fiscal responsibilities. I sincerely hope you grasp what Alaskans think!!

I sincerely thank you for considering all avenues which may lead to the security of knowing that not only us, but our children may enjoy our substantial freedoms

Sincerely,

Subject: pfd proposal

Date: Sat, 8 Nov 2003 10:45:14 -0900

From: "Margaret Prater" <margaret@acsalaska.net>

To: <Representative_Jim_Holm@legis.state.ak.us>

Mr. Holm,

I read about your proposed change to the permanent fund. I don't know all of the details or the federal tax ramifications of this, but initially it sounds like a good idea to me. It makes no sense to me to have billions of dollars in reserve and not be able to fund our universities without creating a state income tax or sales tax. I don't want taxes and I don't want to see the schools and universities continue to beg for money every year. They need to be improving the system and the programs, not spending endless man hours asking for funds and then trying to get by on what they receive. If I don't get a dividend anymore, so be it. My children both graduated from AK post-secondary schools and are employed in Alaska. They don't stay because of the dividend, but because of the low tax base, and the quality of life they enjoy here. They both also love their jobs. Jobs they were able to get because of the great education they received.

I am sure that the huge number of other programs that are funded by the state would love to be able to have a more stable budget, so that the great services they provide can continue. Again, I'll take the lump sum and no more dividends. In the long run, I think everyone will be money ahead. Just don't take the dividend and ask for more tax dollars and hire fees.

Thank you for looking at the fiscal problem and fighting for a realistic, long term solution.

Margaret Prater
Fairbanks, AK

Representative Jim Holms
119 North Cushman St, Suite 205
Fairbanks, AK 99701

*Save this letter
At PFD file*

Mr. Holms

Just wanted to drop you a note about my ideas on the current budget gap.

Cut government overspending and the problem will take care of itself. I am sure an over view of the current budget would reveal areas that could be cut, and should be cut.

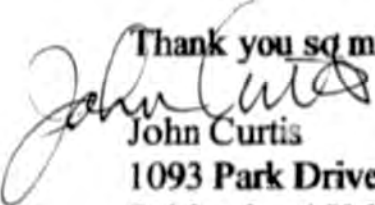
No! On a State income or sales tax.

Cash us out of the PFD. Have everyone who qualifies for a dividend, lets say for 2004, receive \$20,000.00 one time payout and the state would not give out another PFD check. The state would have that money in the future to use as they wish. (Hopefully to lower our taxes).

I hope our State does not take the same coarse as the others have done. Our taxes should not keep going up and up for what I consider over spending on government pet projects. However, we the people should pay for roads, defense, law enforcement and emergency services. The government should not be in business for anything.

It is my hope our State will take the lead in reversing its thinking about over spending and start cutting our government budgets, programs and pet projects.

Thank you so much for your time.


John Curtis
1093 Park Drive
Fairbanks, AK 99709