

Alaska State Legislature



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Senator Ben Stevens

Senate District N

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Stevens Offers Permanent Fund Change *Bill Would Boost Constitutional Budget Reserve*

(Juneau)—Sen. Ben Stevens introduced legislation today to pay back the accumulated debt of the Constitutional Budget Reserve and further its viability until future resource revenues become available.

“This stabilizes our ability to fund the four core obligations of state government: education, transportation, public safety, and public health,” said Sen. Stevens (R-Anchorage). “It keeps in place the current dividend formula, continues inflation-proofing, and pays back the money we owe the Constitutional Budget Reserve.”

Senate Bill 374 changes the way the State calculates the amount to deposit in the Permanent Fund for inflation proofing by subtracting from the equation the amount of oil revenue the State deposits in the Permanent Fund in that fiscal year. After dividends and inflation proofing, money in the earnings reserve in excess of \$250 million would be transferred to the Constitutional Budget Reserve until all the money that has been loaned to the general fund over the years has been repaid. At that point, the State would revert back to the current method of inflation proofing and end the deposit to the Constitutional Budget Reserve.

“During the good times the Legislature placed excess earnings back into the Permanent Fund, during lean times the Legislature borrowed from the Constitutional Budget Reserve, now is the time to protect the integrity of our savings account by repaying the CBR,” said Sen. Stevens

“This legislation is offered as an option to be considered by the Legislature and the governor as we work towards protecting public services and the economy,” Sen. Stevens said. “It is a conservative statutory change that will enable, rather than bind, the ability of future Alaskans to meet the needs of our state.”

Sen. Stevens’ bill would not change the way dividends are calculated. As under current law, the amount available for appropriation from the permanent fund would be based on an average of realized earnings for the past five years, with half going to dividends.

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