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Stedman: Let's Protect the Permanent Fund & Guarantee a Dividend

SITKA – Sen. Bert Stedman (R-Sitka) introduced a constitutional amendment today for consideration in the upcoming legislative session to protect the Permanent Fund and guarantee a dividend. [SJR 9](#) would ensure Alaskans receive a reasonable annual dividend, roughly \$1,800 in the first year after voter approval, from the Permanent Fund while protecting it from overspending.

“The Permanent Fund and the dividend are critical to our future,” said Sen. Stedman. “We must ensure the fund maintains its financial health, continues to grow for future generations, and provides a fair dividend.”

SJR 9 would require the Legislature to annually appropriate 2 percent of the market value of the Permanent Fund’s 5-year average value to dividend payments for Alaskans.

SJR 9 would also allow, but not require, the Legislature to annually appropriate up to an additional 2.5 percent of the market value of the Permanent Fund’s 5-year average to either increase the dividend, make deposits back to the principal of the Permanent Fund, or to use for essential government services, depending on the financial circumstances at the time.

The most the Legislature could annually withdraw from the fund would be 4.5 percent, the same percentage that two different financial expert consultants for the Permanent Fund have said is the best level of draw to use (Callan & Associates, February 24, 2017, and Bridgewater, December 12, 2017).

“I agree with the experts,” said Sen. Stedman. “A maximum 4.5 percent draw allows the Permanent Fund to inflation proof itself while also providing flexibility for a draw as low as 2 percent for dividends depending on the circumstances. A maximum 4.5 percent draw is also the rate I urged last session in my bill.”

“This is the fiscally conservative step Alaska needs to take to protect the permanent fund,” Sen. Stedman continued. “Right now, the Legislature can appropriate at will from the Permanent Fund’s \$14 billion dollar plus Earnings Reserve Account with a simple majority vote. If SJR 9 is approved by the Legislature and voters, the money in the ERA will merge with the principal of the Permanent Fund, which is constitutionally protected from being spent. Additionally, all future earnings will remain in the principal. Future draws from the Permanent Fund for dividends or essential government programs will only be allowed under the formula approved by voters and written in the constitution.”

If SJR 9 passes both bodies of the Legislature, a constitutional amendment will be placed before the voters at the next general election on November 6, 2018.

For more information, contact Senator Stedman’s Chief of Staff [Randy Ruaro](#) at (907) 465-3873.

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