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Put PFD in state constitution, legislators urge

PROTECTION: French, Crawford say that otherwise it'll be spent.

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Democratic legislators Hollis French and Harry Crawford want to guarantee Permanent Fund dividend checks in the state constitution, saying if the dividend isn't protected the Legislature will eventually use the money to pay for state spending.

French, an Anchorage state senator, and Crawford, an Anchorage representative,

said Tuesday they'll introduce a resolution to be considered in the Alaska legislative session starting this month. Such a constitutional amendment to enshrine the dividend needs a two-thirds vote in the House and Senate and then a statewide public vote to pass.

That's a huge hurdle. Previous efforts by Crawford, French and others to put the dividend in the constitution failed to get nearly enough support in the Legislature to make it to the public vote. But French, who is running for governor in the fall election, and Crawford, who is running for Congress, said they want to provoke a "statewide conversation" about the div-

idend in the wake of the suggestion by several Republican legislators that the state should look at changing how it taxes oil.

"When we talk about giving big tax breaks to the oil companies, the unspoken corollary is, where are we going to get the money from? The Permanent Fund," Crawford said. "That's one of many reasons we're bringing this up now."

Anchorage Republican Rep. Mike Hawker, told of Crawford's statement, said, "That's just silly."

See Back Page, PFD

Permanent Fund dividend facts

- **\$17.5 billion** — The amount distributed to Alaskans since the dividends began in 1982
- **\$30,910.41** — The amount received by an Alaskan who got every dividend since 1982
- **\$1,103.94** — The average size of the annual dividend since 1982
- **628,499** — The number of Alaskans eligible for last year's \$1,305 dividend

PFD: Critic says earnings meant to sustain state after oil runs out

Continued from A-1

"It creates the appearance clearly of campaign tactics, much more so than a substantive look at the state's resources and the state's needs," said Hawker, who is among the legislators who want to look at changing the state's oil tax system.

Hawker said putting the dividend in the constitution is against the intent of the Alaskans who voted to create the Permanent Fund in 1976, and that earnings from the fund were meant to sustain state operations once petroleum money ran out. The state has a surplus because of high oil prices and there is no serious push right now to use some profits from the \$34 billion Permanent Fund for government. But Alaska oil production is declining, Hawker said, and the time will come.

"We'll go right back to the discussion we were having in 2003 and that is, 'Do you want to tax the income of working Alaskans to continue to pay Permanent Fund dividends to everyone else?'" said Hawker, who co-chairs the House

Finance Committee.

Discussions about using Permanent Fund earnings for state services have focused more on lowering dividends than ending them altogether, although some legislators have suggested ending the program after one last extra big payout to Alaskans.

French and Crawford said drawing money from the dividend should be "dead last" on the list for how to balance the budget — a list that might include a statewide sales tax or income tax if petroleum revenues should drop far below state spending.

"That's the most regressive tax we could come up with, to take money from the PFD," Crawford said. "Because it hits people at the bottom so much harder than it hits the people at the top. ... There are thousands of Alaskans that are going to be cold and hungry if we were to take away the PFD."



Crawford



French

Since 1982, the state has channeled \$17.5 billion in Permanent Fund profits to the dividends. Last year's payout was \$1,305 for every eligible Alaska man, woman and child.

French said the dividend is "ingrained in the fabric of Alaskan life." The annual payout is a way for all Alaskans to benefit from the oil resources

they own in common, he said. He said the future of the dividend has been debated since the fund was created, and he is standing with former Gov. Jay Hammond, who many regard as the father of the dividend and who defended it up until his death in 2005.

"There are some who would spend the dividend on government and I think those voices are going to rise in the next few years as budget pressures come on the state of Alaska," said French. "Keep in mind that the dividend has sponsored college educations; just ask my

son ... it's built homes, paid for medical bills, it's an enormous part of the Alaskan economy."

Kenai Republican Sen. Tom Wagoner said the proposal to put the dividend in the constitution doesn't have a chance of passing the Legislature in the upcoming legislative session. He agrees with Hawker that earnings from the Permanent Fund were meant to someday help sustain state government services. French and Crawford are just "pandering to the public," Wagoner said.

Gov. Sean Parnell was traveling Tuesday and could not be reached for comment.

French and Crawford's proposal would enshrine the dividend formula, under which the dividend is paid out from the Permanent Fund investment profits averaged over the past five years, in the state constitution. It would guarantee the annual payout as long as the investment earnings are enough to provide the money.

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