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MORE THAN \$1,000: Special session to mull plan to tap fund.

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JUNEAU -- Gov. Frank Murkowski, having trouble getting the Legislature to tap Alaska Permanent Fund earnings for state services, is offering to guarantee in the state constitution that the dividend checks remain above \$1,000.

Murkowski has called a special session of the Legislature for next week in hopes of getting lawmakers to change their minds and schedule a November public vote on using Permanent Fund dollars for government.

The governor laid out his new strategy at a Wednesday press conference. He wants to put in the Alaska Constitution that the same amount from the fund would go to government services each year as to the dividends. To ease fears about the effect on the dividend checks, he's proposing to guarantee future checks of at least \$1,000.

The plan could in a few years mean dividends about \$700 less than if the fund were left alone, according to the Permanent Fund Corp.'s estimates. But Murkowski aides said those estimates are based on guesses about what the stock market will do, and Murkowski's plan guarantees a stable dividend and continued public services.

"Someone in Soldotna said, 'Governor, why are you always trying to take my dividend?' " Murkowski said at his press conference. "I said, 'Madam, I'm going to guarantee you a dividend.' "

Murkowski is also proposing that his changes to the fund last just a decade, at which time the public would vote on keeping them. The governor said he hopes the state will have more money by that point, from a natural gas pipeline or other petroleum development.

The governor has been on the road this week trying to get local government officials on board with his plan. He is offering a carrot to local governments reeling from higher pension costs and Murkowski's elimination of state aid last year. All would get a chunk of the government's Permanent Fund income, ranging from \$23.6 million for Anchorage to less than \$100,000 for places like Fort Yukon and Tenakee Springs.

But he's got a tough sell in the Legislature. Kenai Republican Rep. Kelly Wolf is even refusing to come to Juneau for the special session. He said the state shouldn't be spending money to hold a special session on an issue lawmakers soundly rejected during the regular session.

"I'm going to wage my own private little boycott and say, 'Hell no, I won't go,'" said the first-term lawmaker. He conceded Alaska State Troopers have the authority to force him to go and said he won't put up a fight if law enforcement does come to his door.

"It won't be a Waco ... But I intend to be very loud if they decide to come down and take me to Juneau," said Wolf, who isn't seeking re-election.

House Majority Leader John Coghill, R-North Pole, said the other legislators are trying to figure what to do about Wolf.

Coghill also said he was skeptical that Murkowski's Permanent Fund plan will win success during the special session. Coghill supported it during the legislative session, but said that he is turned off by the governor's new proposal to put the dividend in the constitution.

The constitution should be about basic rights, Coghill said, not giving out checks.

The House barely passed a version of the Permanent Fund plan that didn't put the dividend in the constitution. But Coghill said the latest plan, combined with the fact lawmakers are in the middle of re-election campaigns, will make it hard to recreate that support next week.

"I don't see the votes in the House," he said.

The state Senate trashed the governor's Permanent Fund plan during the regular legislative session. Fairbanks Republican Sen. Gary Wilken said putting the dividend in the constitution would rank the checks above other state needs and makes him even less likely to support it.

But the governor's new plan might move him closer to winning the support of Democrats in the state Senate, who have called for hard constitutional protection of what they call the "people's money."

Anchorage Democratic Sen. Hollis French said the Democrats want bigger dividends than what Murkowski is proposing. But French said it's good the governor is willing to move off his earlier resistance, and French is willing to consider the proposal.

Record high oil prices mean the state doesn't have much of an immediate budget problem. But the governor has said that he expects, with rising state costs and an inevitable drop in oil prices, the state's budget reserve to be stretched dangerously thin in just a few years. It's either the Permanent Fund plan or big taxes and budget cuts, he argues.

Lawmakers like Wilken have said the Legislature should just dip into the fund earnings when it becomes needed. But Murkowski has pledged to have a public vote, and this fall is the last time that could happen before 2006.

The governor's plan is based on a change in how the fund is managed, called the Percent of Market Value or the POMV. It would set a maximum 5 percent payout of the fund's entire value each year.

The fund is projected to grow an average of 8 percent a year through its investment earnings, so the fund trustees proposed the POMV change as an attempt to guarantee automatic inflation proofing.

Murkowski wants to give half the 5 percent payout to the dividend checks. Of the rest, 45 percent would go toward the state's expenses for education and the remainder to local governments. Putting the \$600 million or so each year toward education would free up other state dollars that are now going to schools.