

2004\_6\_22\_ADN\_POMV will pass; don't tie it to splits

## **POMV will pass; don't tie it to splits**

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COMMENT

*(Published: June 22, 2004)*

The governor has proposed special session consideration of a constitutional amendment for a percent of market value method that would provide that 5 percent of the Permanent Fund's market value be appropriated annually. One of the most recent proposals allocated 50 percent of that appropriation for dividends, 40 percent for government programs and 10 percent for a community dividend.

This essentially is the measure passed by the House during the last session, but the governor has added another provision: Dividends would be no less than \$1,000.

While more and more legislators have concluded the best way to protect the Permanent Fund is to pass a POMV, there is great dispute as to how its 5 percent payout will be dispersed. Therefore, rather than lumping both creation of the POMV and the percentages dispersed into one ballot proposition, they should be separate issues.

In discussions with numerous legislators, the governor's office and members of the public, I have found no one who says he or she cannot support a POMV ballot proposition that reads: "Up to 5 percent of the market value of the Permanent Fund may be appropriated annually as provided by law ratified by a vote of the public."

No need to enshrine either a certain percentage for dividends or government spending in the constitution. In my view, dividends are already "enshrined" with the constitutional provision that our resource wealth be managed for "the maximum benefit of the people." I believe most people feel dividends are the "maximum benefit" they have received from management of our resource wealth. Accordingly, they will not likely approve any dispersal of POMV appropriations that they feel significantly reduces future dividends. No need for more protection than that.

Enshrining a percentage for spending is even less appropriate. If we receive a windfall in, say, gas line revenues sufficient to pay for government services, do we still wish to mandate spending up to 2.5 percent of the Permanent Fund's market value for government? I don't think so. Perhaps repay the Constitutional Budget Reserve instead?

I believe the basic POMV constitutional amendment proposed above would be supported by voters. However, the 50/40/10 split will not likely make it through the Legislature, much less be voter-approved. I am told by some key Democrats in the Legislature that they would surely support a 70/30 split and might support even 60/40, but only if the provision were made that dividends be no less than 60 percent. I believe the governor would accept such an approach if he deemed it required to further likelihood of passing a POMV.

Therefore I hope voters carefully observe the actions of legislators during the special session. Should they wish to meaningfully address the fiscal gap, they will support placing the separate issue of creating a POMV such as proposed above on the ballot,

as well as at least the minimally acceptable 60/40 split.

Unfortunately, I fear there are several legislators, mostly Republicans, who, while perhaps giving dividends lip service, would love to kill them so they would no longer have to worry about either cutting spending or raising revenues. To accomplish this, they merely have to do nothing until the CBR is depleted and there are none but dividend dollars to balance the books. They should be smoked out rather than permitted to kill by inaction a POMV that can both protect dividends and provide hundreds of millions for essential government services.

Splitting the POMV ballot proposition from the manner in which that money would be dispersed provides kindling for a fire that can create that smoke.

Jay Hammond served as governor of Alaska from 1974 to 1982.