

Voice of the Times

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FUND TRUSTEES RENEW PUSH FOR . . . POMV system

THE ALASKA Permanent Fund trustees have renewed their call for the Legislature to authorize using a "percent of market value" formula for determining payouts.

Their idea is a good one and should be approved, but agreement by the Legislature has bogged down in disputes over how the money would be spent. The trustees take no position on how the cash is used.

But many people, including us, feel that a portion should go toward supporting the cost of state government.

Opponents of changing the formula want fund earnings to be used only for the annual dividend checks sent out to all Alaskans each October. There are many problems with that, including and perhaps most importantly, that it perverts the purpose for which the fund was established.

When the fund was set up in 1976, it was sold to the voters as a way to keep some money out of the hands of legislators of that time and pay the future cost of state government.

Using the fund earnings for the giveaway program came several years later and was enthusiastically accepted. Since oil money was still flowing into the state treasury in then-unimaginable volumes, public needs could be met with available flows of oil tax and royalty cash.

The time for using any fund earnings for state spending was pushed further into the future when the state won several huge legal battles with North Slope producers over oil prices and allowable costs of production and transportation.

That windfall prompted voters to approve the Constitutional Budget Reserve, which provided a multibillion-dollar cushion to meet the state's immediate fiscal needs.

The day of reckoning is approaching. Recent high oil prices have closed the budget gap for the time being, but those are unlikely to last forever and the Legislature will be forced to decide the use-of-earnings issue.

Certainly the dividend program should be continued in some form and a portion of earnings used for the individual checks. But unless part of the earnings is used for state spending, Alaska will be faced with painful new taxes, perhaps bringing back the individual income tax, if not more.

Putting all the Permanent Fund earnings into the free money program while dipping into the pockets of working Alaskans would be an intolerable breach of faith with those who voted for the fund in 1976.

Fund Chairman Carl Brady Jr. said at the trustees' recent annual meeting: "A percent of market value payout is necessary to ensure that the fund is protected from overspending in the future, and will continue to be a high priority for us until it is

achieved.”

The Legislature should heed Brady’s words and get the job done.