

Introduced by: Glick
Date: 01/20/04
Action: Failed as Amended
Vote: 4 Yes, 5 No

**KENAI PENINSULA BOROUGH
RESOLUTION 2004-006**

**A RESOLUTION IN OPPOSITION TO SENATE JOINT RESOLUTION (SJR) 18 AND
(HJR) 26 WHICH SEEK TO ESTABLISH A PERCENT OF MARKET VALUE (POMV)
SPENDING PROGRAM FOR THE PERMANENT FUND**

- WHEREAS,** during the special statewide election held in 1999, the voters of Alaska and of the Kenai Peninsula Borough expressed overwhelming opposition to the Legislature's proposed "Balanced Budget Plan" by a margin of over four to one; and
- WHEREAS,** the Legislature put this clear question on the 1999 ballot: "After paying annual dividends to residents and inflation-proofing the permanent fund, should a portion of permanent fund earnings be used to help balance the state budget?", and 83% of Alaskans voted NO in this special election; and
- WHEREAS,** SJR 18 and HJR 26 propose constitutional changes to the Permanent Fund Dividend Program without acknowledging or addressing the citizens' concerns regarding the dividend program, which were clearly expressed during the special election of 1999; and
- WHEREAS,** provisions of the POMV plan would eliminate the Earnings Reserve Account, the statutory money source of the current Permanent Fund Dividend Program, as well as its current provisions for guaranteed inflation-proofing of the Permanent Fund; and
- WHEREAS,** the POMV legislation also fails to protect against inflated valuations of Permanent Fund assets, which would promote the largest possible withdrawals and could, in turn, cause the Permanent Fund principal to be depleted under certain market conditions; and
- WHEREAS,** the Permanent Fund Dividend is a huge financial engine which helps support private enterprise throughout the state; and
- WHEREAS,** the Kenai Peninsula Borough and its citizens realize tremendous economic benefits from the current Permanent Fund Dividend Program; and
- WHEREAS,** SJR 18 and HJR 26 propose no real benefit to the Kenai Peninsula Borough or its citizens, proposes no real solution to the state's current fiscal crisis, fails to guarantee inflation-proofing of the Fund's principal, and fails to protect the continuation of the Permanent Fund Dividend Program; and

WHEREAS, the POMV plan fails to provide safeguards that would guarantee accurate and realistic appraisal of real estate and other holdings, which could allow erosion of the Permanent Fund principal over time, in much the same way repayment to the Constitutional Budget Reserve as required in the Alaska State Constitution, Article 9, Section 17(d), has been ignored, leading to the depletion of that savings account by the legislature in order to continue funding state government at an unsustainable level; and

WHEREAS, the POMV plan does not protect Alaskans against the potential of appraisal manipulation in order to further increase the amount of money available for government spending without public comment, which could deplete the Permanent Fund principal;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Borough opposes SJR 18 and HJR 26 unless amended to guarantee direct voter participation in the determination of future dividends and legislative appropriations of the Permanent Fund. There must also be provisions that will protect against inflated valuations of Permanent Fund assets and assure inflation-proofing of principal.

SECTION 2. That a copy of this resolution shall be provided to Governor Murkowski, Senator Gary Stevens, Senator Thomas Wagoner, Representative Mike Chenault, Representative Paul Seaton and Representative Kelly Wolf.

SECTION 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF * 2004.

Pete Sprague, Assembly President

ATTEST:

Linda S. Murphy, Borough Clerk