

**Alaska Department of Revenue  
Permanent Fund Dividend Division**

**Overview of the 2007 Dividend Calculation**

To help smooth out year-to-year volatility in dividend amounts, the amount of each year's dividend is calculated using a formula that averages the Permanent Fund's realized earnings over the previous five years. Here is how it works:

1. **Add** the Fund's statutory net income\* from the previous five years.

	<i>(in millions/rounded)</i>	
FY 2003	355	<i>*Statutory net income equals realized earnings excluding income from North Slope royalty case, State v. Amerada Hess, et al.</i>
FY 2004	1,502	
FY 2005	1,754	
FY 2006	2,690	
FY 2007	3,428	
<b>Total</b>	<b>\$9,729</b>	

2. **Multiply** by statutory 21% for an average of the five year earnings

$$\begin{array}{r} \$9,729 \\ 21\% \\ \hline \$2,043 \end{array}$$

3. **Divide** in half for the statutory percentage of earnings allocated for dividends

$$\begin{array}{r} \$2,043 \\ 50\% \\ \hline \$1,021 \end{array}$$

4. **Add** FY 2007 Permanent Fund Dividend Fund beginning balance

$$\begin{array}{r} \$1,021.5 \\ 11.5 \\ \hline \$1,033.0 \end{array}$$

5. **Subtract** prior year obligations, designated state expenses and cost of operating the Permanent Fund Dividend Division

$$\begin{array}{r} \$1,033.0 \\ (32.1) \\ \hline \$1,000.9 \end{array}$$

6. **Subtract** reserves for payment of prior year dividends

$$\begin{array}{r} \$1,000.9 \\ (1.7) \\ \hline \$999.2 \end{array}$$

7. **Divide** by the estimated number of eligible dividend applicants

$$\$999,264,700/604,149 = \$1,654.00$$

More information is available at [www.apfc.org](http://www.apfc.org) or [www.pfd.state.ak.us](http://www.pfd.state.ak.us)