

ALASKA STATE LEGISLATURE

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SENATOR BILL WIELECHOWSKI

Constitutional Amendment to Modify the Constitutional Budget Reserve SPONSOR STATEMENT

“A penny saved is a penny earned.” – Benjamin Franklin

For the past five years the state has experienced large oil revenue surpluses, which have put the State in the enviable position of having the largest amount of money in savings in the nation (\$16 billion), not including the Permanent Fund. This constitutional amendment will ensure that we continue to save for our future when we have large surpluses.

The Constitutional Budget Reserve (CBR) was established in 1991 in order to serve as a “rainy day” fund to help balance the state budget in times of budget deficits. In addition to investment returns and one time legislative appropriations, the only additions to the CBR are through settlement payments through litigation involving natural resources. While the CBR worked as a rainy day fund during budget deficits and was replenished after a few years of high oil surpluses, the CBR does not require savings during years with high oil revenues, which we as a state are facing today.

SJR 10 would cap the amount of unrestricted oil revenue that can be spent in a given year at \$6 billion adjusted for inflation, and put 2/3 of the money above the cap into the CBR. This would not only require that the legislature save more money in times of high oil revenues, but would also put pressure on the legislature to restrain the growth of government, and create a more stable fiscal system.

SJR 10 would bring this constitutional amendment before the people for a statewide vote, and I urge you to support this joint resolution in order to allow Alaskans decide how best we should plan for our children’s future.