ALASKA STATE LEGISLATURE

House FINANCE COMMITTEE

HOUSE Bill 131
Sectional Analysis

Version 31-LS0868\A

Sec. 1: Amends AS 37.05.540(a) by deleting a reference to the existing statutory appropriation limit that is repealed by this bill.

Sec. 2: Enacts a new AS 37.05.545 - Appropriation Limit.

(a) Establishes the parameters of the limit:

- Includes all Unrestricted General Fund (UGF) appropriations for agency spending, Permanent Fund dividends, retirement obligations, and capital projects. Does not include reappropriations, federal funds, Designated General Fund (DGF) spending, program receipts, money received from non-state sources for specific purposes, or the exclusions listed in (b).

- Starting point is $5 billion for FY 2021, with a growth rate based on the average of the previous five-year's inflation. This rate was chosen because it provides a more stable rate than an annual inflation adjustment.

(b) Lists the exclusions to the appropriation limit:

(1) Appropriations to the Permanent Fund principal (corpus);

(2) Debt payments;

(3) Disaster funding; and

(4) Deposits into savings accounts and transfers into accounts that require additional legislative action to spend.

(c) Defines the terms "unrestricted general fund" and "program receipts" for the purposes of this section.

Sec. 3: Adds a requirement to AS 37.07.020 that the governor submit, along with the annual budget, a report noting whether the proposal is within the spending limit. The report must be updated to include any supplemental appropriations and budget amendments.

Sec. 4: Repeals the current statutory appropriation limit, specifically AS 37.05.540(b); 37.05.540(c), and 37.04.540(e).

Secs 5 - 7: Applicability, transition, and effective date language that specifies when the new appropriation limit and reporting requirements would take effect. The limit would apply to the FY2021 budget and the governor would be required to file the necessary reports for the proposed budgets starting in December 2019.