

31-LS0804\U
Wallace
4/28/19

CS FOR SENATE BILL NO. 104(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

"An Act relating to an appropriation limit; relating to the budget responsibilities of the governor; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 37.05.540(a) is amended to read:

(a) There is established as a separate fund in the state treasury the budget reserve fund. The budget reserve fund consists of appropriations to the fund. [MONEY RECEIVED BY THE STATE THAT IS SUBJECT TO THE APPROPRIATION LIMIT UNDER (b) OF THIS SECTION AND THAT EXCEEDS THAT LIMIT, MAY BE APPROPRIATED TO THE BUDGET RESERVE FUND.]

*** Sec. 2.** AS 37.05 is amended by adding a new section to read:

Sec. 37.05.545. Appropriation limit. (a) Except as provided in (c) of this section, unrestricted general fund appropriations made for a fiscal year may not exceed \$5,000,000,000 by more than the cumulative change in inflation since July 1, 2019. In this subsection, the change in inflation shall be based on the average change in the

Consumer Price Index for Urban Alaska prepared by the United States Bureau of Labor Statistics for the previous five fiscal years.

(b) The appropriation limit in (a) of this section does not apply to an appropriation

(1) to the principal of the Alaska permanent fund;

(2) required to pay debt obligations of the state, including general obligation and revenue bonds;

(3) to meet a state of disaster declared by the governor as prescribed by law; or

(4) of money to a state savings account or fund that requires a subsequent appropriation from that account or fund.

(c) The legislature may appropriate an additional amount in excess of the appropriation limit under (a) of this section for capital improvements, except that the amount for capital improvements made in excess of the appropriation limit in a fiscal year shall not exceed five percent of the total appropriation limit for that fiscal year. Appropriations for capital improvements that exceed the appropriation limit shall not be used in calculating the appropriation limit in subsequent fiscal years.

(d) In this section,

(1) "debt obligation" does not include a state pension liability or an appropriation for school bond debt reimbursement under AS 14.11.100;

(2) "program receipts" has the meaning given in AS 37.05.146;

(3) "unrestricted general fund" means money deposited in the state treasury that has not been dedicated or designated for use by the Constitution of the State of Alaska or by law; "unrestricted general fund" does not include program receipts or reappropriations.

* **Sec. 3.** AS 37.07.020 is amended by adding a new subsection to read:

(f) In addition to the budget and bills submitted under (a) of this section and the fiscal plan submitted under (b) of this section, the governor shall submit a report with a calculation of appropriations made in the budget prepared under (a) of this section as applied to the appropriation limit under AS 37.05.545. The report under this subsection must be updated upon submission of the governor's supplemental

1 appropriation bills and the governor's budget amendments under the time limits
2 prescribed in AS 37.07.070.

3 * **Sec. 4.** AS 37.05.540(b), 37.05.540(c), and 37.05.540(e) are repealed.

4 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY. AS 37.05.545, added by sec. 2 of this Act, and AS 37.07.020(f),
7 added by sec. 3 of this Act, apply to appropriations that take effect in the fiscal year ending
8 June 30, 2021.

9 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 TRANSITION: CALCULATION OF APPROPRIATION LIMIT. Notwithstanding
12 AS 37.05.545(a), added by sec. 2 of this Act, unrestricted general fund appropriations made
13 for the fiscal year ending June 30, 2021, may not exceed \$5,000,000,000, excluding
14 appropriations under AS 37.05.545(b) and (c), added by sec. 2 of this Act.

15 * **Sec. 7.** This Act takes effect July 1, 2019.