

SJR 5 Sectional

(Constitutional Amendment: Appropriation Limit; Budget Reserve Fund)

February 4, 2021

Section 1: This section would amend the appropriation limit amendment in the Alaska Constitution (Art. IX, sec. 16).

This section begins by listing the appropriations that would be excluded from the appropriation limit - money for permanent fund dividends, money going into the permanent fund, appropriations of general obligation and revenue bond proceeds and the payment of debt service on those bonds, appropriations into a state savings account, appropriations to meet a disaster, and appropriations of money from a non-State source in trust for a specific purpose.

The section then sets forth a new appropriations limit. The new limit would require that appropriations for a fiscal year not exceed the average of the appropriations for the last three years plus the cumulative percent change in either population or inflation whichever is greater.

Section 2: This section would make limited changes to section 17(a) of the budget reserve fund in Article IX that clarify what money is deposited into the budget reserve fund and that deposits into the fund are not subject to the dedicated fund prohibition in Section 7 of Article IX.

Section 3: This section would amend section 17(b) of the budget reserve fund to only allow an appropriation from the fund if the amount in the general fund available for appropriation is less than the appropriation limit. The existing budget reserve fund takes into account all funds available for appropriation when making this determination, which results in the earnings reserve account of the permanent fund being included in the calculation. Under the proposed amendment, the calculation would only take money in the general fund into account.

This section would also require that the amount of money that could be appropriated from the budget reserve fund would be limited to the gap between the amount in the general fund available for appropriation and the appropriation limit. An appropriation of this amount could take place with a majority vote of the legislature. This section also provides that for purposes of determining the amount in the general fund available for appropriation, the exceptions to the appropriation limit in section 16(a) of Article IX do not apply and thus the amount of money represented by those appropriations is not part of the calculation to determine the amount that can be appropriated from the budget reserve fund.

Section 4: This section would provide for a transition provision to ensure a smooth transition between the existing appropriation limit and the new limit. This section would also provide that any repayment obligation to the budget reserve fund would be eliminated.

Section 5: This section would repeal subsections (c) and (d) of the budget reserve fund in Section 17 of Article IX. Subsection (c) currently allows the legislature to appropriate any amount for the budget reserve fund with a $\frac{3}{4}$ vote for any public purpose. Subsection (d) currently requires that money in the general fund available for appropriation at the end of each fiscal year is swept back into the budget reserve fund to re-pay any amounts that were appropriated from the fund.

Section 6: This section would require that this amendment be placed on the ballot in the 2022 general election.