

# ALASKA STATE LEGISLATURE

## Senator Natasha von Imhof

**Chair:** Legislative Budget & Audit Committee; **Member:** Finance Committee, Resources Committee

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Official Business

### Senate Bill 75 Sectional Analysis Version 32-LS0140\B

- Sec. 1:** Amends AS 24.20.231 to add analyzing and preparing a report on the appropriation limit, enacted by this bill, to the duties of the Legislative Finance Division.
- Sec. 2:** Enacts AS 24.20.236, which requires the Legislative Finance Division to deliver a report about its analysis of the appropriation limit, enacted by this bill, and the allowed growth rate to the chairs of the finance committees every three years.
- Sec. 3:** Amends AS 37.05.540 to remove a reference to the current statutory spending limit, which is repealed in this bill.
- Sec. 4:** Enacts AS 37.05.545, which is the new 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 \$6 billion for FY 2022, with a growth rate based on 75% of the cumulative change in inflation and 25% of the cumulative change in state population. Defines how the growth rate is calculated.
  - (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) Allows an additional five percent above the limit to be spent on capital projects.
  - (d) Defines the terms “debt obligation”, “program receipts”, and “unrestricted general fund” for the purposes of this section.

- Sec. 5:** Enacts AS 37.07.020(f) which requires the governor to 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. 6:** Repeals the current statutory appropriation limit in AS 37.05.540(b); a section made obsolete by that repeal in AS 37.05.540(c), and outdated language related to the statutory budget reserve in AS 37.04.540(e).
- Secs 7 - 10:** 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 FY2022 budget, the governor would be required to file the necessary reports for the proposed budgets starting in December 2021, and Legislative Finance would prepare the first analysis report in 2024.