

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 Sponsor Statement

Without an effectual spending cap, the state budget grew too big, too fast when revenues were high. Over the past seven years, programs have been eliminated, services have been cut, and assets have been sold, but Alaska still had to draw 15 billion dollars from its savings account, the Constitutional Budget Reserve (CBR), to pay the budget deficit. Today, we only have 120 days' worth of operating funds left in our savings accounts.

Alaska has both constitutional and statutory spending caps, but the growth rates are too high. Spending did not approach these caps even during the highest years. If an effectual spending cap had been in place, we would have saved MORE during the high revenue years (2010-2013) and spent LESS out of the CBR during the low revenue years (2014-2020) to the tune of about \$10 billion, meaning Alaska would still have some savings.

It is imperative to have the right spending cap in place so the state will have the much-needed constraints on spending year after year, particularly during high revenue years. If new revenues are ever added to the state budget, a cap will force a balance between all spending, including agency budgets, investing in capital, dividends, and savings.

An effectual spending cap will continue to keep downward pressure on government growth. Reigning in spending is the first step toward a stable fiscal plan, which will serve to benefit all Alaskans, for now and for future generations.