

ALASKA STATE LEGISLATURE  
SENATOR NATASHA VON IMHOF



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**SB 75**

**“An Act relating to the duties of the legislative finance division; relating to an appropriation limit; relating to the budget responsibilities of the governor; and providing for an effective date.”**

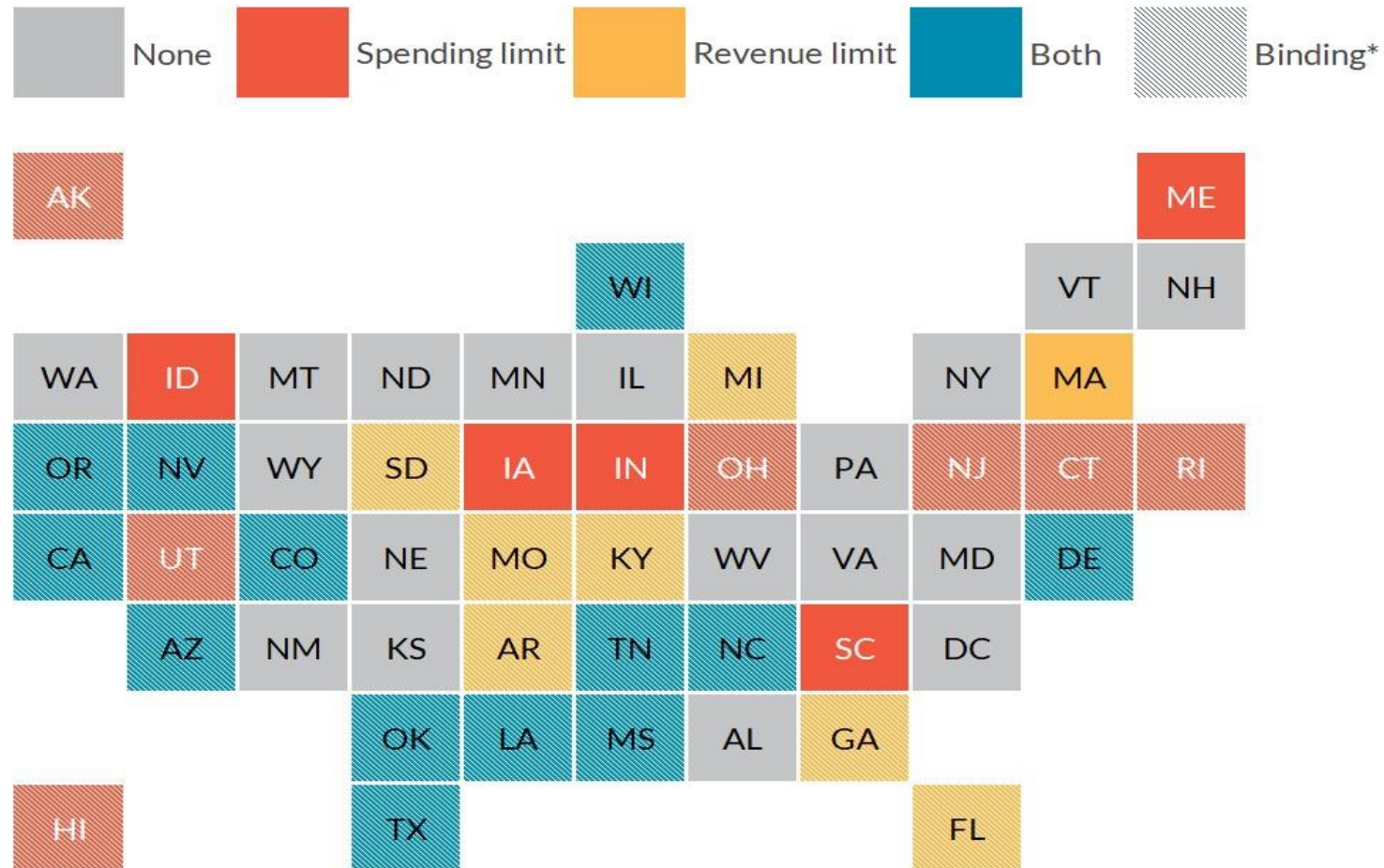
# Why a spending cap?

1. Restrain the growth of the state budget over time.
2. Save during the good times so we have a savings account to draw from in the tough times.
  - Spending Cap aka: TEL (Tax and Expenditure Limit)

# What are other states doing?

FIGURE 1

Tax and Expenditure Limits by State  
2020



## Four Decision Points:

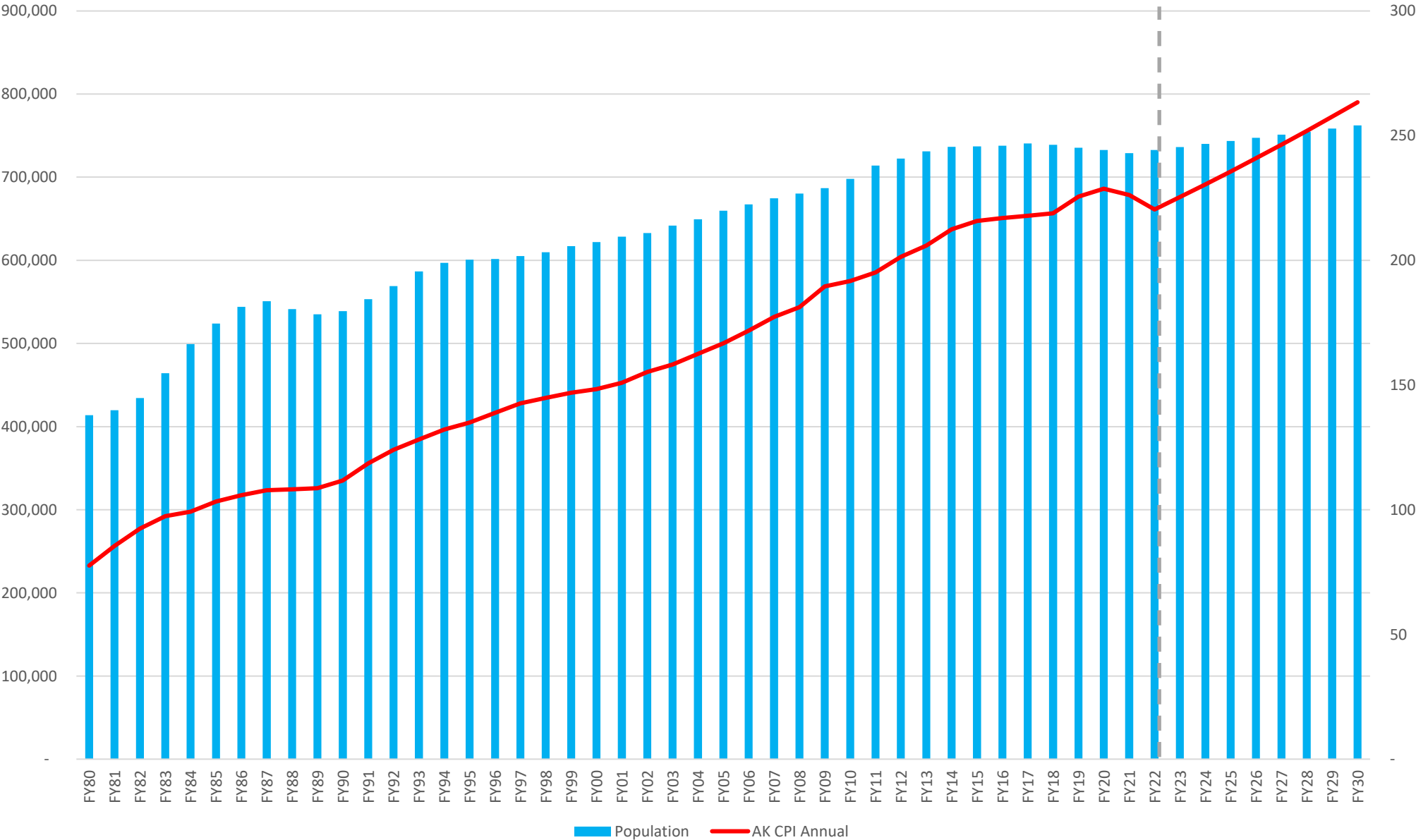
1. Growth rate
2. Starting point
3. What is included under the cap
4. What is excluded outside the cap

# Growth Rate:

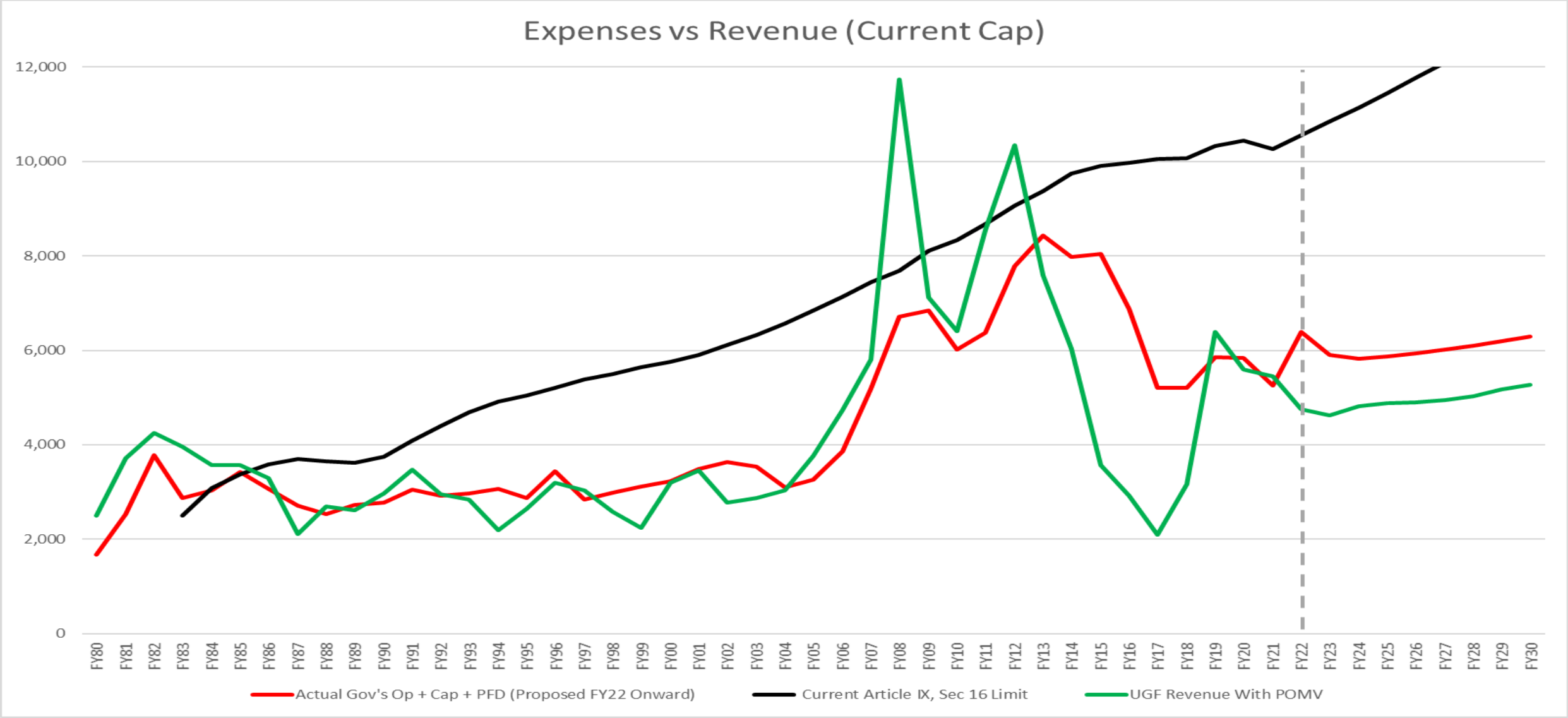
- Usually a function of annual income and/or sales tax collected
- And/Or change in annual population
- And/Or inflation growth

SB 75: 75% of CPI (inflation) + 25% of population

# Population vs CPI

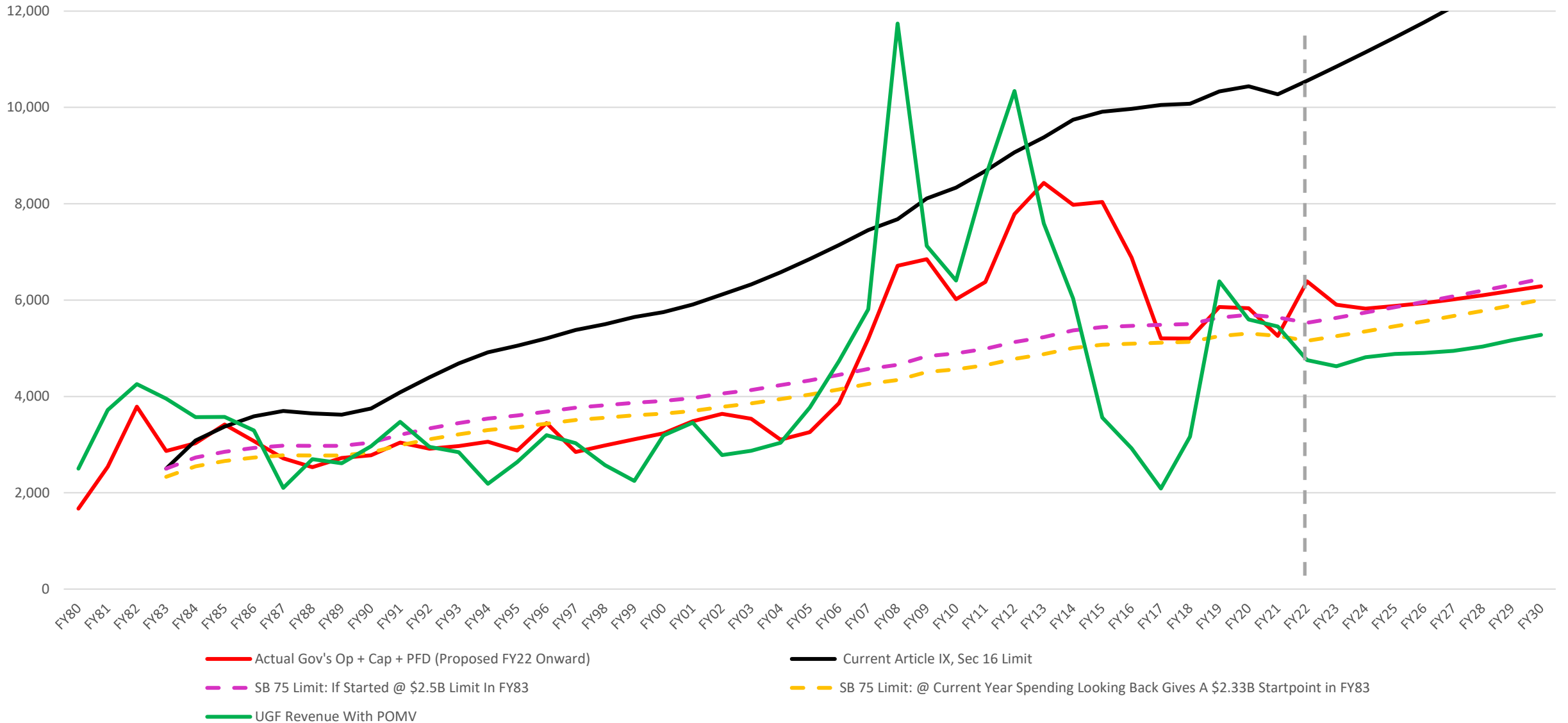


# Historical Revenue and Spending



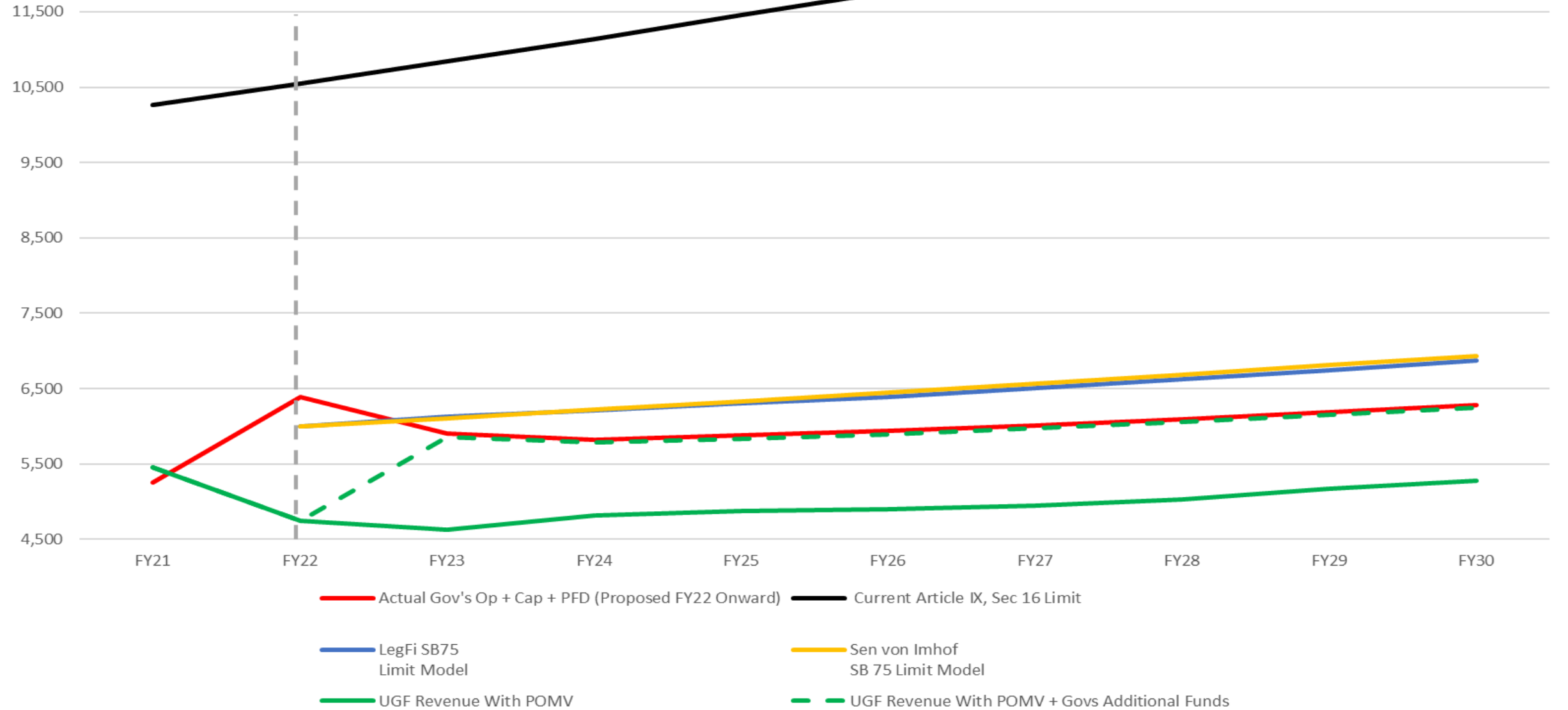
# What If: SB 75 Started @ \$2.5B in FY83

## What If: Current Spending, With SB 75 Model Looking Back

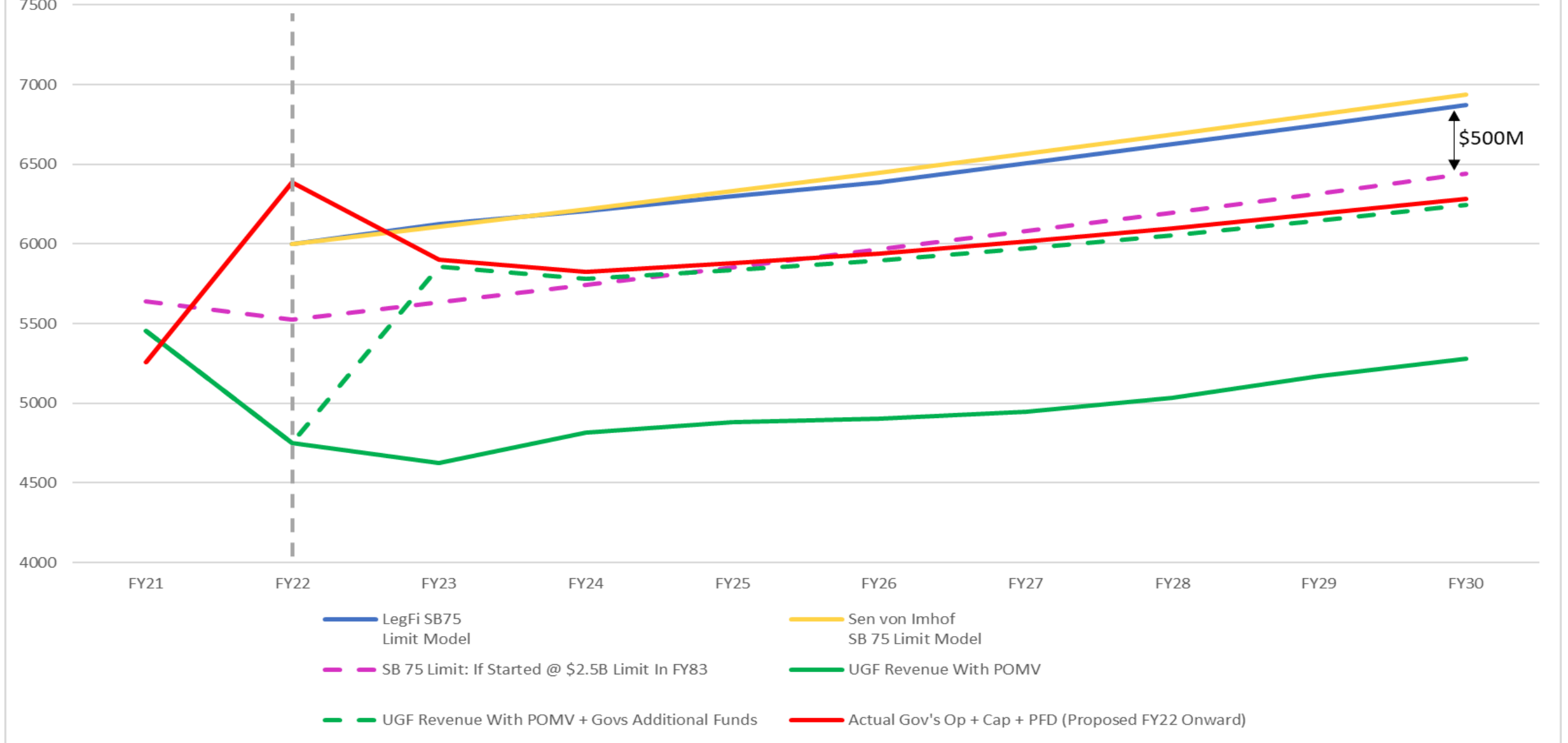




# Proposed SB 75



Comparison SB 75 Start in FY83 @\$2.5B to SB 75 Start in FY22 @\$6B



Starting Point = \$6.0 billion (UGF)

## Revenues

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Unrestricted GF	2,643.0	1,584.0	1,575.0	1,662.3	1,433.0	1,573.3	1,635.0	1,650.0
POMV	2,722.0	2,945.0	3,089.0	3,069.7	3,194.0	3,242.0	3,248.0	3,254.0
Subtotal Revenue Total	5,365.0	4,529.0	4,664.0	4,732.0	4,627.0	4,815.3	4,883.0	4,904.0
Add: Governors Additional Undefined Revenue					1,233.2	967.0	951.4	990.6
<b>Total Revenue</b>	<b>5,365.0</b>	<b>4,529.0</b>	<b>4,664.0</b>	<b>4,732.0</b>	<b>5,860.2</b>	<b>5,782.3</b>	<b>5,834.4</b>	<b>5,894.6</b>

# As a comparison:

## Expenses

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Agency Total	4,007	4,092	4,010	3,819	3,713	3,613	3,667	3,722
Statewide Total	657	492	446	483	466	462	456	456
Capital	168	178	120	62	127	129	131	133
Subtotal Expense	4,832	4,762	4,576	4,364	4,306	4,204	4,254	4,311
Less: Debt (excluded)	(484)	(502)	(528)	(500)	(504)	(496)	(492)	(482)
Add: PF Dividends	1,023	1,069	680	2,024	1,597	1,621	1,624	1,627
<b>Total Annual Spending</b>	<b>5,371</b>	<b>5,329</b>	<b>4,728</b>	<b>5,888</b>	<b>5,399</b>	<b>5,329</b>	<b>5,387</b>	<b>5,456</b>

# What is included versus excluded

Included	Excluded
Anything with UGF	• Permanent Fund Principal (Corpus)
• Agency Spending	• Debt payments
• Retirement	• Disaster Funding
• Capital *	• Deposit into Savings
• Permanent Fund Dividend	• Federal Funds and Designated Funds

\* There is a provision in section 4(c) that limits additional capital to 5% of total cap in the event we have excess revenue.

## Additional Issues to consider:

1. Constitution versus statute
2. Can the legislature over-ride
3. What happens if we have excess revenue
4. Legislative Finance report requirements
5. Governor budget provision