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CS FOR HOUSE BILL NO. 141(W&M)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SPOHNHOLZ, Edgmon

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(b) is amended to read:

(b) Except for appropriations to the permanent fund or for Alaska permanent fund dividends, appropriations to the budget reserve fund, appropriations of revenue bond proceeds, appropriations required to pay the principal of and interest on general obligation bonds, appropriations for school bond debt reimbursement under AS 14.11.100, appropriations to meet a state of disaster declared by the governor as prescribed by law, and appropriations of money received from a nonstate source in trust for a specific purpose, including revenue of a public enterprise or public corporation of the state that issues revenue bonds, appropriations from the mental health trust settlement income account (AS 37.14.036), and appropriations made to the mental health trust fund (AS 37.14.031), appropriations from the treasury made for

[IN] a fiscal year may not exceed the average of the appropriations made in the three fiscal years immediately preceding the fiscal year, adjusted by a percentage equal to the average annual change in population or the average annual change in inflation in the preceding three calendar years, whichever is greater [PRECEDING FISCAL YEAR BY MORE THAN FIVE PERCENT PLUS THE CHANGE IN POPULATION AND INFLATION SINCE THE BEGINNING OF THE PRECEDING FISCAL YEAR]. For purposes of applying this limit, an appropriation is considered to be made in the fiscal year in which it is enacted and a reappropriation remains attributed to the fiscal year in which the original appropriation is enacted. The determination of the change in population for purposes of this subsection must [SHALL] be based on an annual estimate of population by the Department of Labor and Workforce Development. The determination of the change in inflation for purposes of this subsection must [SHALL] be based on the Consumer Price Index for Urban Alaska [ALL URBAN CONSUMERS FOR ANCHORAGE] prepared by the United States Department of Labor, Bureau of Labor Statistics. The amount of money received by the state that is subject to the appropriation limit includes the balance in the general fund carried forward from the preceding fiscal year. The legislature may exceed this limit in appropriations for capital projects, as defined in AS 37.07.120, and deferred maintenance, except that the total amount appropriated may not exceed the appropriation limit for that fiscal year by more than 10 percent.

* **Sec. 2.** AS 37.07.020 is amended by adding new subsections to read:

(f) In addition to the budget and bills submitted under (a) of this section and the capital improvements program and fiscal plan submitted under (b) of this section, the governor shall submit a report with a calculation of expenditures provided for in the budget prepared under (a) of this section as applied to the appropriation limit under AS 37.05.540. The governor shall update the report upon submission of the governor's supplemental appropriation bills and the governor's budget amendments in accordance with the time limits prescribed in AS 37.07.070.

(g) Every three years, on or before the first day of the regular session of the legislature, the legislative finance division shall deliver to the chair of the finance

1 committee in each house of the legislature a report analyzing the appropriation limit
2 under AS 37.05.540 and the rate of growth of the limit.

3 * **Sec. 3.** AS 37.05.540(e) is repealed.

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

6 TRANSITION: CALCULATION OF APPROPRIATION LIMIT. (a) For the fiscal
7 year ending June 30, 2023, the appropriation limit is \$5,771,000,000.

8 (b) For the fiscal years ending June 30, 2024, and June 30, 2025, to determine the
9 average of the appropriations made in the three fiscal years immediately preceding the fiscal
10 year under AS 37.05.540(b), as amended by sec. 1 of this Act, appropriations made in
11 previous fiscal years for school bond debt reimbursement under AS 14.11.100 and
12 appropriations made to meet a state of disaster declared by the governor as prescribed by law
13 shall be excluded from the preceding year appropriations.

14 * **Sec. 5.** This Act takes effect July 1, 2022.