

Representative Grier Hopkins



ALASKA STATE HOUSE OF REPRESENTATIVES

House Joint Resolution 403

Proposing amendments to the Constitution of the State of Alaska relating to an unrestricted general fund surplus, the Alaska permanent fund, and the budget reserve fund.

Sponsor Statement

Alaskans are beneficiaries of the foresight of our state's founders, who ensured that state-owned resources would be managed for the maximum benefit of all Alaskans (Article VIII Section 2). Unique among states, Alaska's constitution creates communal ownership of state resources – what former Governor Wally Hickel called "the Owner State."

In 1990, with numerous multimillion-dollar oil taxation lawsuits pending in the courts, voters of Alaska approved creation of the Constitutional Budget Reserve (Article IX, Section 17), a fund which would capture "all money received...as a result of...an administrative proceeding or of litigation in a State or federal court...in the budget reserve fund." In most cases, appropriating monies from the fund requires a $\frac{3}{4}$ vote of both houses of the legislature. Until funds appropriated from the CBR are repaid, "the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund," a maneuver now dubbed "the sweep."

Since the advent of Alaska's oil boom, citizens and elected leaders have sought ways to restrict state spending during boom years, in the hopes that the savings would pay for essential services and provide economic relief to Alaskans during inevitable bust years. While numerous attempts have been made, including the adoption of a complex and (in retrospect) unworkable Appropriation Limit amendment in 1982 (Article IX Section 16), crafting a politically acceptable mathematical formula which simultaneously restrains spending AND protects Alaskans' interests and access to essential services during years of economic hardship has proven daunting.

HJR 403 seeks to incentivize Alaska's leaders to NOT spend every dollar available by replacing the "sweep" provision of the CBR with a mandate that all future state surpluses – as defined by statute - be split evenly between the Constitutional Budget Reserve and the payment of dividends to eligible Alaska residents. This "political spending cap" would see Alaskans benefit directly from actions to restrain spending. Additionally, an equal amount would be deposited into the CBR to build our "rainy day fund" for inevitable economic challenges in the years ahead. Further, HJR 403 maintains the constitutional prohibition on dedicated funds while protecting statutorily designated funds – thus preserving the legislature's power of appropriation and the ability of future legislators to respond to challenges and opportunities.

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