

SENATE CS FOR CS FOR HOUSE BILL NO. 1001(FINANCE) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/25/99

Offered: 5/24/99

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to income of the Alaska Permanent Fund and authorizing an
2 advisory vote on a long-term financial plan for the state; and providing for an
3 effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. ADVISORY VOTE. At a special election to be held on September 14, 1999,
6 in substantial compliance with the election laws of the state, including absentee voting and the
7 preparation, publication, and mailing of an election pamphlet under AS 15.58.010 - 15.58.090,
8 the lieutenant governor shall place before the qualified voters of the state a question advisory
9 to the legislature and the governor. The election pamphlet for the special election must
10 comply with AS 15.58.020(6), including the requirement that it contain statements that
11 advocate voter approval or rejection of the question. Notwithstanding AS 15.60.005 and other
12 laws relating to preparation of the ballot proposition, the question shall appear on the ballot
13 in the following form:

14 Q U E S T I O N

Preamble: The people of Alaska created the Alaska Permanent Fund to save a portion of Alaska's petroleum revenue for the future. After investing those savings, the original intent and purpose was to use the earnings from those investments when Alaska's petroleum revenues declined. Petroleum revenues have now declined substantially and are forecast to continue to decline. Our reliance upon declining oil production and volatile oil prices constitutes an unsustainable state budget system. The governor and state legislature seek the public's judgment regarding a stable and sustainable long-term balanced budget plan.

Balanced Budget Plan: This will preserve the permanent fund dividend, inflation-proof the permanent fund, support public services, and establish a Citizens' Balanced Budget Task Force.

The Balanced Budget Plan will:

- (1) Spending Reductions: Continue state general fund budget reductions and commit to long-term budget discipline and efficiencies.
- (2) Permanent Fund Protection: Guarantee the Alaska permanent fund principal remains untouched. Inflation-proof the permanent fund to protect its value for all Alaskans, including future generations.
- (3) Permanent Fund Dividends: Guarantee a dividend to eligible Alaskan residents at a minimum of \$1,700 in 1999 and \$1,700 in 2000. Thereafter, the dividend will be approximately \$1,340 and will continue to grow with the value of the permanent fund. After accounting for inflation-proofing, the dividend will be based on 50 percent of the annual earnings payment.
- (4) Funding for Essential Public Services: After payment of permanent fund dividends and inflation-proofing the fund, prioritize the annual investment earnings payment for essential public services.
- (5) Accountability: Fully disclose expenditures from the permanent fund earnings with each annual permanent fund dividend.
- (6) Balanced Budget Task Force: Establish a Citizens' Balanced Budget Task Force to present options to further reduce state spending and

- 1 identify appropriate future revenue sources.
- 2 (7) Income Tax: No personal income tax is enacted as part of this plan.
- 3 Question: After paying annual dividends to residents and inflation-proofing the
- 4 permanent fund, should a portion of permanent fund investment earnings be
- 5 used to help balance the state budget?
- 6 Yes [] No []
- 7 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).