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Governor Mike Dunleavy STATE OF ALASKA

January 19, 2021

Chief Clerk
Alaska House of Representatives
Alaska State Legislature
Thomas Stewart Building, Room 202
Juneau, AK 99801-1182

Dear Chief Clerk:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill proposing a resolution to amend the Constitution of the State of Alaska, Article IX, Sections 16 and 17. The proposed amendment would change the baseline for the constitutional appropriation limit so that appropriations for a fiscal year would not exceed the average of the appropriations for the previous three years plus the cumulative percent change in inflation or population, whichever is greater, over the previous three year period. The amendment would exempt from the spending limit appropriations to state savings accounts, the permanent fund and for permanent fund dividend payments, appropriations of bond proceeds and the principal and interest on those bonds, and appropriations of money from a non-state source.

Additionally, the proposed amendment would change the budget reserve fund established in Article IX, Section 17 so that it can only be used as a funding source, if the amount in the general fund for a given year, is less than the appropriation limit. The budget reserve would be available for no other purpose.

We must develop a stable and sustainable budget in order to assure economic growth in our State. This amendment provides an important tool for curbing unsustainable growth in government spending by indexing future appropriations to those made in prior fiscal years while ensuring the State has a reserve balance to stabilize revenues during years of unexpectedly decline.

This resolution is a simple but powerful way to structurally cap government growth. I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure