

ALASKA STATE LEGISLATURE

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Sponsor Statement Senate Bill 196

An Act relating to an appropriation limit; and providing for an effective date

The State of Alaska relies on a single commodity to fund more than 85% of our government services. Today, with declining production and lower prices, Alaska continues to face a significant budget deficit. The Legislature has cut the operating and capital budgets by over \$3 billion in the last four fiscal years but has continued to draw from our savings accounts to fill the gap between revenue and expenditures.

Senate Bill 196 sets a \$4.1 billion statutory limit on how much the legislature can appropriate every year with regard to agency operating budget expenses. The limit would be adjusted annually for inflation. The appropriation limit does not apply to appropriations for the payment of permanent fund dividends, capital projects, state debt obligations, and receipt supported services such as receipts of the Alaska Marine Highway System.

Alaska must control its spending in order to refill our savings accounts and sustain the programs Alaskans rely on in their everyday lives. Senate Bill 196 is the needed framework to help guide the Governor and the Legislature through the budget making process.

Now is the time to pass an effective statutory appropriation limit.