

New constitutional proposal aimed at boosting savings

January 5, 2012

By Pat Forgey

JUNEAU EMPIRE

Alaska should be saving more for the future, a state senator says, and he's going to introduce legislation this year to try to force that to happen. At the same time, Gov. Sean Parnell wants to reduce how much Alaska makes from oil taxes, and is continuing to advocate for cuts.

Sen. Bill Wielechowski, D-Anchorage, said his proposed constitutional amendment is not a challenge to Parnell, who he praised for supporting more savings. Instead, he said, it is intended to highlight the fact that Alaska is consuming a limited oil resource.

Wielechowski said it is an idea that sounds difficult, but is getting some interest in the Legislature.

"I think there's a growing consensus among legislators that it is something we need to talk about," he said. "I know that it is something that I've thought a lot about."

Wielechowski proposed that state spending of unrestricted general fund revenue be capped at \$6 billion, indexed for inflation and population growth.

Any leftover unspent money would then go into the voter-created Constitutional Budget Reserve (CBR). That's a hard-to-access state savings account that legislators can only dip into if they have overwhelming support.

"It forces savings into the CBR," Wielechowski said.

To do that, Wielechowski said, would take amending the Alaska Constitution. To start the process would take approval of two-thirds of the members of the Senate and House of Representatives, and then approval by voters in 2012.

Were his proposal in place this year it would likely force additional savings of \$1.4 billion, he said.

Parnell spokeswoman Sharon Leighow didn't comment directly on Wielechowski's proposal, but said the governor has already committed to saving surplus revenue and holding down spending.

"The governor proposes to put billions in savings this year to draw from in more lean years. His fiscal responsibility is also demonstrated by record vetoes he exercised across the last two years," she said.

Wielechowski said he's asked the Legislative Finance Division to develop estimates of what the financial impact of such a measure would have been had it been in place over the last few years, and what impact it would have in the future.

"We've been good in recent years as far as savings go," he said.

In 2008, the Alaska Legislature, at the behest of then-Gov. Sarah Palin, added \$1,200 to each Permanent Fund Dividend, both to share the state's oil proceeds with the public and defray the cost of the suddenly much higher gas and oil prices.

Wielechowski said he didn't know whether that extra payment would have been allowed under his proposal, and it would be up to the Legislative Finance Division to answer that question.