

Alaska Legislature

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HOUSE BILL 136 SPONSOR STATEMENT

This year the State of Alaska will go into deficit spending. Despite the warnings, session after session has produced a steady increase in the Operating and Capital budgets. This is not a condemnation of funding for programs, or school, or necessary infrastructure. It is rather a recognition that our state government has not been able to tame its appetite for obligations that outgrow our revenue capabilities. Record high oil prices can no longer mask the arithmetic truth: we are spending the principles of our savings accounts. Senator Pete Kelly said it best “we are literally spending our children’s money.”

House Bill 136 is a step in the right direction. What the bill proposes is to require the Governor to submit certain crucial information before each legislative session. This information is specifically is how much the legislature, and the governor, can spend without dipping into the principles of the Statutory Budget Reserve, the Constitutional Budget Reserve or the Permanent Fund. The bill also calculates the net present value of oil in the ground that has not been harvested. House Bill 136 provides information rather than a mandate. But Alaskans deserve to know that, if the proposed budgets go over that “red line” and spend part of the principle of our savings accounts, there had better be a good reason for it.

This piece of legislation is inspired by the work of Dr. Scott Goldsmith at the Institute of Social and Economic Research (I.S.E.R.) at the University of Alaska, Anchorage. We must think forward to a time when Alaska will not have the luxury of valuable but finite resources to sustain ourselves. Please join me in supporting House Bill 136