



Governor Michael J. Dunleavy
STATE OF ALASKA

January 29, 2019

The Honorable Cathy Giessel
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801

Dear President Giessel:

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 establish a baseline for a constitutional appropriation limit so that appropriations for a fiscal year would not exceed the average of the appropriations for the last three fiscal years plus 50 percent of inflation and population or two percent, whichever is less. The amendment includes exemptions from the limit for certain purposes, such as money deposited into the permanent fund, the permanent fund dividend program, money to pay general obligation and revenue bond proceeds, money of trust funds, and the appropriation of federal funds.

Additionally, the proposed amendment implements a constitutional savings plan that would transfer the unexpended, unobligated and unappropriated balance in the general fund at the end of a fiscal year first, to the Alaska Permanent Fund and second, to a savings reserve fund. The savings reserve fund may be allowed to grow until the balance is equal to the appropriation limit for the next fiscal year. After that, all surplus revenue would be deposited in the Alaska Permanent Fund.

We must develop a budget that is stable, predictable, and sustainable if we are to place our state on a trajectory for economic growth and future success. This amendment provides an important mechanism for the people of Alaska to curb the growth of future government spending. This amendment respects the intent of voters who choose to restrict the size of their government by lowering the constitutional appropriation limit amount and tying future appropriations to those made in the previous fiscal year. This amendment will ensure that when government collects more revenue than it needs to fund essential state services, the surplus revenue is saved for the future – not spent on growing government as in the past.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Dunleavy".

Michael J. Dunleavy
Governor

Enclosure