

SENATE JOINT RESOLUTION NO. 6

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/30/19

Referred: State Affairs, Judiciary, Finance

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to an**
2 **appropriation limit; relating to the budget reserve fund and establishing the savings**
3 **reserve fund; and relating to the permanent fund.**

4 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
6 readopted to read:

7 **Section 16. Appropriation Limit.** (a) Appropriations made for a fiscal year
8 shall not exceed the average of the appropriations made in the previous three fiscal
9 years by more than fifty percent of the cumulative change in population and inflation
10 since January 1 of the previous calendar year, derived from federal indices as
11 prescribed by law, or two percent, whichever is less. This subsection does not apply to
12 an appropriation

13 (1) to the principal of the Alaska permanent fund and from the Alaska
14 permanent fund income for the administration of the fund or payment of permanent
15 fund dividends;

(2) to meet a state of disaster declared by the governor as prescribed by law;

(3) to pay obligations or spend the proceeds or revenue of State general obligation bonds and revenue bonds;

(4) that is a reappropriation of a previous unobligated appropriation;

(5) that is duplicating the authorization to expend funds from another appropriation;

(6) of money held in trust by the State or received from the federal government for a particular purpose;

(7) of money received by the State from a source other than the State or federal government that is restricted to a specific use by the terms of a gift, grant, bequest, or contract; and

(8) of money to a State savings account or fund that requires a subsequent appropriation from that account or fund as prescribed by law.

(b) Any unexpended, unobligated, and unappropriated balance in the general fund at the end of a fiscal year shall be deposited into the following funds in the priority order listed:

(1) the permanent fund under Section 15 of this article in an amount not to exceed fifty-percent of the income produced from the permanent fund during the fiscal year just ended;

(2) the savings reserve fund under Section 17 of this article in an amount necessary to bring the savings reserve fund balance equal to the appropriation limit for the next fiscal year;

(3) the permanent fund under Section 15 of this article.

(c) Section 7 of this article does not apply to deposits made to the permanent fund under this (b) of this section.

* **Sec. 2.** Article IX, sec. 17(a), Constitution of the State of Alaska, is amended to read:

(a) There is established as a separate fund in the State treasury the savings [BUDGET] reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State [AFTER JULY 1, 1990], as a result of the termination, through settlement or otherwise, of an administrative

proceeding or of litigation in a State or federal court directly involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the savings [BUDGET] reserve fund. Money in the savings [BUDGET] reserve fund shall be invested so as to yield competitive market rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this article does not apply to deposits made to the fund under this subsection. Money may be appropriated from the fund only as authorized under (b) [OR (C)] of this section.

* **Sec. 3.** Article IX, sec. 17(b), Constitution of the State of Alaska, is amended to read:

(b) If the amount in the general fund available for appropriation for a fiscal year is less than the appropriation limit under Section 16 of this article [AMOUNT APPROPRIATED FOR THE PREVIOUS FISCAL YEAR], an appropriation may be made from the savings [BUDGET] reserve fund. However, the amount appropriated from the fund under this subsection may not exceed the amount necessary, when added to other funds in the general fund available for appropriation, to provide for total appropriations equal to the appropriation limit under section 16 of this article [AMOUNT OF APPROPRIATIONS MADE IN THE PREVIOUS CALENDAR YEAR FOR THE PREVIOUS FISCAL YEAR].

* **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new sections to read:

Section 30. Application of Appropriation Limit. The 2020 amendment limiting appropriation increases and requiring a portion of the unexpended, unobligated, and unappropriated balance in the general fund to go to the permanent fund (art. IX, sec. 15) applies to appropriations made for the fiscal year ending June 30, 2022, and thereafter.

Section 31. Budget Reserve Fund to Savings Reserve Fund Transition. Under the 2020 amendments to the former budget reserve fund (art. IX, sec. 17), the savings reserve fund replaces the former budget reserve fund. The money in the former budget reserve fund on the effective date of the 2020 amendments shall be deposited into the savings reserve fund. The repeal of Section 17(d) of Article IX in the 2020 amendments to the former budget reserve fund eliminates any repayment

1 required under that subsection through the fiscal year ending June 30, 2021.

2 * **Sec. 5.** Article IX, sec. 17(c) and (d), Constitution of the State of Alaska, is repealed.

3 * **Sec. 6.** The amendments proposed by this resolution shall be placed before the voters of
4 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
5 State of Alaska, and the election laws of the state.