

# ALASKA STATE LEGISLATURE

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Official Business

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### Senate Bill 104

### Sponsor Statement

Alaska's revenue can increase or decrease significantly each year due to the boom and bust cycle of oil prices. Without a sound plan to limit government growth in the "boom" times, there is temptation to increase spending when revenues spike. The result is overspending followed by inevitable and sudden budget cuts to avoid deficit spending or, as recent history shows, depleting our savings accounts to pay for an inflated budget.

Senate Bill 104 would impose structural controls to limit how much spending can increase year to year.

The state must control its spending in order to sustain programs Alaskans rely on in their everyday lives. It makes sense to set sustainable budget parameters based on what can be afforded over the long term, rather than what revenue is in any given year. This approach prevents unsustainable growth in government and avoids future deficits that result in painful program cuts and layoffs.

Senate Bill 104 is the needed framework to guide the governor and the legislature through the budget process.

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