

SENATE JOINT RESOLUTION NO. 5

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/22/21

Referred: State Affairs, Judiciary, Finance

A RESOLUTION

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

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

4 * **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is amended to read:

5 **Section 16. Appropriation Limit.** Except for appropriations for Alaska
6 permanent fund dividends, appropriations to the Alaska permanent fund,
7 appropriations of revenue and general obligation bond proceeds, appropriations
8 required to pay the principal and interest on revenue and general obligation bonds,
9 appropriations to a State savings account, appropriations to meet a state of
10 disaster declared by the governor as prescribed by law, and appropriations of
11 money received from a non-State source in trust for a specific purpose [, INCLUDING
12 REVENUES OF A PUBLIC ENTERPRISE OR PUBLIC CORPORATION OF THE
13 STATE THAT ISSUES REVENUE BONDS], appropriations from the treasury made
14 for a fiscal year shall not exceed the average of the appropriations made in the
15 previous three fiscal years [\$2,500,000,000] by more than the cumulative percent

1 change, derived from [FEDERAL] indices as prescribed by law, in population or
 2 [AND] inflation, whichever is greater, over the previous three calendar years
 3 [SINCE JULY 1, 1981. WITHIN THIS LIMIT, AT LEAST ONE-THIRD SHALL BE
 4 RESERVED FOR CAPITAL PROJECTS AND LOAN APPROPRIATIONS. THE
 5 LEGISLATURE MAY EXCEED THIS LIMIT IN BILLS FOR APPROPRIATIONS
 6 TO THE ALASKA PERMANENT FUND AND IN BILLS FOR
 7 APPROPRIATIONS FOR CAPITAL PROJECTS, WHETHER OF BOND
 8 PROCEEDS OR OTHERWISE, IF EACH BILL IS APPROVED BY THE
 9 GOVERNOR, OR PASSED BY AFFIRMATIVE VOTE OF THREE-FOURTHS OF
 10 THE MEMBERSHIP OF THE LEGISLATURE OVER A VETO OR ITEM VETO,
 11 OR BECOMES LAW WITHOUT SIGNATURE, AND IS ALSO APPROVED BY
 12 THE VOTERS AS PRESCRIBED BY LAW. EACH BILL FOR APPROPRIATIONS
 13 FOR CAPITAL PROJECTS IN EXCESS OF THE LIMIT SHALL BE CONFINED
 14 TO CAPITAL PROJECTS OF THE SAME TYPE, AND THE VOTERS SHALL, AS
 15 PROVIDED BY LAW, BE INFORMED OF THE COST OF OPERATIONS AND
 16 MAINTENANCE OF THE CAPITAL PROJECTS. NO OTHER APPROPRIATION
 17 IN EXCESS OF THIS LIMIT MAY BE MADE EXCEPT TO MEET A STATE OF
 18 DISASTER DECLARED BY THE GOVERNOR AS PRESCRIBED BY LAW]. The
 19 governor shall cause any unexpended and unappropriated balance to be invested so as
 20 to yield competitive market rates to the treasury.

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

22 (a) There is established as a separate fund in the State treasury the budget
 23 reserve fund. Except for money deposited into the permanent fund under Section 15 of
 24 this article, all money received by the State [AFTER JULY 1, 1990,] as a result of the
 25 termination, through settlement or otherwise, of an administrative proceeding or of
 26 litigation in a State or federal court directly involving mineral lease bonuses, rentals,
 27 royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses,
 28 or involving taxes imposed on mineral income, production, or property, shall be
 29 deposited in the budget reserve fund. The [MONEY IN THE BUDGET RESERVE]
 30 fund shall be invested so as to yield competitive market rates [TO THE FUND].
 31 Income of the fund shall be retained in the fund. Deposits [SECTION 7 OF THIS

1 ARTICLE DOES NOT APPLY TO DEPOSITS] made to the fund under this
 2 subsection **are not prohibited under Section 7 of this article**. Money may be
 3 appropriated from the fund only as authorized under (b) [OR (c)] of this section.

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

5 (b) If the amount **in the general fund** available for appropriation for a fiscal
 6 year is less than the **appropriation limit under Section 16 of this article** [AMOUNT
 7 APPROPRIATED FOR THE PREVIOUS FISCAL YEAR], an appropriation may be
 8 made from the budget reserve fund. However, the amount appropriated from the fund
 9 under this subsection [MAY NOT EXCEED THE AMOUNT NECESSARY], when
 10 added to other funds **in the general fund** available for appropriation, **may not exceed**
 11 **the appropriation limit under Section 16 of this article. For purposes of this**
 12 **subsection, the amount in the general fund available for appropriation does not**
 13 **include the exceptions to the appropriation limit set forth in Section 16(a) of this**
 14 **article** [TO PROVIDE FOR TOTAL APPROPRIATIONS EQUAL TO THE
 15 AMOUNT OF APPROPRIATIONS MADE IN THE PREVIOUS CALENDAR
 16 YEAR FOR THE PREVIOUS FISCAL YEAR].

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

19 **Section 30. Application of Appropriation Limit.** The 2022 amendment
 20 limiting appropriation increases applies to appropriations made for the fiscal year
 21 ending June 30, 2024, and thereafter.

22 **Section 31. Budget Reserve Fund Transition.** Under the 2022 amendments
 23 to the budget reserve fund (art. IX, sec. 17), the repeal of Section 17(d) of Article IX
 24 in the 2022 amendments to the budget reserve fund eliminates any repayment required
 25 under that subsection through the fiscal year ending June 30, 2023.

26 * **Sec. 5.** Article IX, secs. 17(c) and 17(d), Constitution of the State of Alaska, are repealed.

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