

**SPONSOR SUBSTITUTE FOR SENATE BILL NO. 20**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATOR KAUFMAN

Introduced: 3/10/23

Referred: Judiciary, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to an appropriation limit; relating to the budget responsibilities of the**  
2 **governor; and providing for an effective date."**

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

4 \* **Section 1.** AS 37.05.540(b) is amended to read:

5 (b) Except for appropriations to the permanent fund or for Alaska permanent  
6 fund dividends, appropriations to the budget reserve fund, appropriations of revenue  
7 **bond and general obligation** bond proceeds, appropriations required to pay the  
8 principal **of** and interest on **revenue bonds and** general obligation bonds,  
9 **appropriations to a state account or fund that requires a subsequent**  
10 **appropriation from that account or fund as prescribed by law, appropriations to**  
11 **meet a state of disaster declared by the governor as prescribed by law,** [AND]  
12 appropriations of money received from a nonstate source in trust for a specific  
13 purpose, including revenue of a public enterprise or public corporation of the state that  
14 issues revenue bonds, appropriations from the mental health trust settlement income

1 account (AS 37.14.036), and appropriations made to the mental health trust fund  
 2 (AS 37.14.031), appropriations from the treasury made for [IN] a fiscal year may not  
 3 exceed **an amount equal to 12 percent of the average of the value of the real gross**  
 4 **domestic product of the state as estimated by the federal bureau responsible for**  
 5 **economic analysis according to federal law, expressed in current dollars, for the**  
 6 **five calendar years immediately preceding the previous fiscal year. The value of**  
 7 **the real gross domestic product in this section may not include expenditures for**  
 8 **government spending** [APPROPRIATIONS MADE IN THE PRECEDING FISCAL  
 9 YEAR BY MORE THAN FIVE PERCENT PLUS THE CHANGE IN  
 10 POPULATION AND INFLATION SINCE THE BEGINNING OF THE  
 11 PRECEDING FISCAL YEAR]. For purposes of applying this limit, an appropriation  
 12 is considered to be made in the fiscal year in which it is enacted and a reappropriation  
 13 remains attributed to the fiscal year in which the original appropriation is enacted.  
 14 [THE DETERMINATION OF THE CHANGE IN POPULATION FOR PURPOSES  
 15 OF THIS SUBSECTION SHALL BE BASED ON AN ANNUAL ESTIMATE OF  
 16 POPULATION BY THE DEPARTMENT OF LABOR AND WORKFORCE  
 17 DEVELOPMENT. THE DETERMINATION OF THE CHANGE IN INFLATION  
 18 FOR PURPOSES OF THIS SUBSECTION SHALL BE BASED ON THE  
 19 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR  
 20 ANCHORAGE PREPARED BY THE UNITED STATES BUREAU OF LABOR  
 21 STATISTICS.] The amount of money received by the state that is subject to the  
 22 appropriation limit includes the balance in the general fund carried forward from the  
 23 preceding fiscal year.

24 \* **Sec. 2.** AS 37.07.020 is amended by adding a new subsection to read:

25 (f) In addition to the budget and bills submitted under (a) of this section and  
 26 the capital improvements program and fiscal plan submitted under (b) of this section,  
 27 the governor shall submit a report with a calculation of appropriations provided in the  
 28 budget prepared under (a) of this section as applied to the appropriation limit under  
 29 AS 37.05.540. The governor shall update the report upon submission of the governor's  
 30 supplemental appropriation bills and the governor's budget amendments in accordance  
 31 with the time limits prescribed in AS 37.07.070.

1     \* **Sec. 3.** AS 37.05.540(e) is repealed.

2     \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           CONDITIONAL EFFECT. This Act is contingent on enactment into law of an  
5 amendment to art. IX, sec. 16, Constitution of the State of Alaska, changing the appropriation  
6 limit to provide that

7                   (1) appropriations from the treasury made for a fiscal year may not exceed an  
8 amount equal to a percentage of the average of the value of the real gross domestic product of  
9 the state as estimated by the federal bureau responsible for economic analysis according to  
10 federal law, expressed in current dollars, for the five calendar years immediately preceding  
11 the previous fiscal year; and

12                   (2) general obligation bond proceeds, appropriations required to pay the  
13 principal of and interest on revenue bonds, appropriations to a state account or fund that  
14 requires a subsequent appropriation from that account or fund as prescribed by law, and  
15 appropriations to meet a state of disaster declared by the governor as prescribed by law must  
16 be excluded when calculating the appropriation limit.

17     \* **Sec. 5.** This Act takes effect July 1, 2024.