

**SENATE CS FOR CS FOR HOUSE BILL NO. 1001(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - FIRST SPECIAL SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 5/24/99**

**Referred: Rules**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

**1 "An Act relating to income of the Alaska Permanent Fund and authorizing an  
2 advisory vote on a long-term financial plan for the state; and providing for an  
3 effective date."**

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

**5 \* Section 1. ADVISORY VOTE.** At a special election to be held on September 14, 1999,  
**6** in substantial compliance with the election laws of the state, including absentee voting and the  
**7** preparation, publication, and mailing of an election pamphlet under AS 15.58.010 - 15.58.090,  
**8** the lieutenant governor shall place before the qualified voters of the state a question advisory  
**9** to the legislature and the governor. The election pamphlet for the special election must  
**10** comply with AS 15.58.020(6), including the requirement that it contain statements that  
**11** advocate voter approval or rejection of the question. Notwithstanding AS 15.60.005 and other  
**12** laws relating to preparation of the ballot proposition, the question shall appear on the ballot  
**13** in the following form:

**14** Q U E S T I O N

1 Preamble: The people of Alaska created the Alaska Permanent Fund to save  
 2 a portion of Alaska's petroleum revenue for the future. After investing those  
 3 savings, the original intent and purpose was to then use the earnings from those  
 4 investments when Alaska's petroleum revenues declined. Petroleum revenues  
 5 have now declined substantially and are forecast to continue to decline. Our  
 6 reliance on declining oil production and volatile oil prices constitutes an  
 7 unsustainable budget system. The governor and the legislature seek the public's  
 8 judgment in adopting a stable and sustainable long-term balanced budget plan.

9 Balanced Budget Plan: This will preserve the permanent fund dividend,  
 10 inflation-proof the Alaska Permanent Fund, support public services, and  
 11 establish a Citizens' Balanced Budget Task Force. Please mark "yes" or "no"  
 12 on this plan. The Balanced Budget Plan will

13 (1) Spending Reductions: Continue state general fund budget reductions to  
 14 a combined total of at least \$60,000,000 for fiscal years 2000 and 2001.  
 15 Submit a proposed constitutional amendment to the voters that would  
 16 reduce the base amount of annual appropriations in art. IX, sec. 16,  
 17 Constitution of the State of Alaska, and make other changes to establish  
 18 a meaningful appropriation limit.

19 (2) Permanent Fund Protection: Guarantee the Alaska Permanent Fund  
 20 principal is untouched. The principal of the fund is inflation-proofed  
 21 to protect its value for all Alaskans, including future generations.

22 (3) Permanent Fund Dividends: Guarantee a dividend is paid to qualified  
 23 Alaska residents at a minimum of \$1,700 in 1999 and \$1,700 in 2000  
 24 and, thereafter, approximately \$1,348 and higher. Beginning in 2001,  
 25 the Constitutional Budget Reserve and the Permanent Fund Earnings  
 26 Reserve will be combined. In determining the market value for the  
 27 calculation of the dividend, this new account will be joined with the  
 28 principal of the Alaska Permanent Fund. After accounting for inflation-  
 29 proofing, the dividend will be based on 50 percent of the annual  
 30 earnings payment of these combined accounts.

31 (4) Earnings Reserve Usage for Public Purposes: After payment of

1 permanent fund dividends and inflation-proofing the fund, the remaining  
 2 annual earnings payment will be prioritized for usage for education,  
 3 public safety, and transportation.

4 (5) Accountability: Expenditures from the combined account will be fully  
 5 disclosed on each annual permanent fund dividend check.

6 (6) Balanced Budget Task Force: Establish a Citizens' Balanced Budget  
 7 Task Force to present options to further reduce state spending and  
 8 identify appropriate future revenue sources.

9 (7) Income Tax: No income tax on individuals will be required as part of  
 10 this plan.

11 After paying annual dividends to residents and inflation-proofing the Alaska  
 12 Permanent Fund, should a portion of permanent fund investment earnings be  
 13 used to help balance the state budget?

14 Yes [ ] No [ ]

15 \* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).