

CS FOR SENATE BILL NO. 76(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/14/99

Referred: Rules

Sponsor(s): SENATORS TIM KELLY, Mackie

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing an advisory vote on balanced budget plans; and providing
2 for an effective date."

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

4 * **Section 1.** At a special election to be held on September 14, 1999, in substantial
5 compliance with the election laws of the state, including absentee voting, the lieutenant
6 governor shall place before the qualified voters of the state a question advisory to the
7 legislature and the governor. The question shall appear on the ballot in the following form:

8 Q U E S T I O N

9 Preamble: The state treasury's reliance upon declining Alaska oil production
10 and volatile oil prices constitutes an unsustainable state budget system. The
11 legislature and governor seek the public's input in choosing a long-term budget
12 plan. Please mark "yes" or "no" beside one or both plans that you believe the
13 legislature and governor should proceed to implement as a balanced budget
14 plan.

1 "Plan A" Description

2 Summary of Plan A: Plan A has further spending reductions. Dividends are
3 a percentage of the value of the Alaska permanent fund. This plan has no
4 personal income tax.

5 (1) Spending Reductions/Spending Limits: Continue state general fund
6 budget reductions of at least \$70,000,000 over the next two fiscal
7 years.

8 (2) Permanent Fund: Guarantee the Alaska permanent fund is inflation-
9 proofed to protect the value of the principal of the fund for all
10 Alaskans, including future generations.

11 (3) Permanent Fund Dividends: Guarantee a dividend is paid to qualified
12 Alaska residents at a minimum of \$1,700 in 1999 and \$1,700 in 2000.
13 Thereafter, the annual dividend is based on a rate of 2.75 percent of the
14 market value of the Alaska permanent fund, including the Alaska
15 permanent fund earnings reserve account.

16 (4) Permanent Fund Earnings Reserve: Guarantee inflation-proofing the
17 Alaska permanent fund and payment of permanent fund dividends, then
18 prioritize remaining funds in the Alaska permanent fund earnings
19 reserve account for education, public safety, and transportation.

20 (5) No Income Tax: Use at least \$100,000,000 in new revenues instead of
21 implementing new broad-based taxes.

22 Plan A Yes [] Plan A No []

23 "Plan B" Description

24 Summary of Plan: Plan B has no further state spending reductions. Dividends
25 from the Alaska permanent fund are calculated under the current method. This
26 plan includes a personal income tax.

27 (1) Spending Reductions: No further reductions to state spending.

28 (2) Permanent Fund: Guarantee the Alaska permanent fund is inflation-
29 proofed to protect the value of the principal of the fund for all
30 Alaskans, including future generations.

31 (3) Permanent Fund Dividends: Dividends will not be changed from the

1 current formula and method of calculation.

2 (4) Permanent Fund Earnings Reserve: Immediately transfer
3 \$4,000,000,000 from the permanent fund earnings to the constitutional
4 budget reserve fund, with an additional \$4,000,000,000 in 2011, and
5 \$4,000,000,000 in 2020. Spend the constitutional budget reserve fund
6 earnings for state government services.

7 (5) Income Tax: Impose a personal income tax on all wage earners
8 projected to be 31 percent of a person's federal income tax, collecting
9 \$350,000,000.

10 Plan B Yes [] Plan B No []

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