

CS FOR SENATE BILL NO. 1001(FIN) am(fld S)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/23/99

Offered: 5/22/99

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing an advisory vote on a long term financial plan for the
2 state; and providing for an effective date."

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

4 * **Section 1.** ADVISORY VOTE. At a special election to be held on September 14, 1999,
5 in substantial compliance with the election laws of the state, including absentee voting, the
6 lieutenant governor shall place before the qualified voters of the state a question advisory to
7 the legislature and the governor. Notwithstanding AS 15.60.005 and other laws relating to
8 preparation of the ballot proposition, the question shall appear on the ballot in the following
9 form:

10 Q U E S T I O N

11 Preamble: The people of Alaska created the Alaska Permanent Fund to save
12 a portion of Alaska's petroleum revenue for the future. After investing those
13 savings, the original intent and purpose was to then use the earnings from those
14 investments when Alaska's petroleum revenues declined. Petroleum revenues

1 have now declined substantially and are forecast to continue to decline. Our
 2 reliance upon declining oil production and volatile oil prices constitutes an
 3 unsustainable state budget system. The governor and state legislature seek the
 4 public's judgment in adopting a stable and sustainable long-term balanced
 5 budget plan.

6 **Balanced Budget Plan:** This will preserve the permanent fund dividend,
 7 inflation-proof the permanent fund, support public services, and establish a
 8 Citizens' Balanced Budget Task Force. Please mark "yes" or "no" on this plan.

9 The balanced budget plan will:

- 10 (1) **Spending Reductions:** Continue state general fund budget reductions to
 11 a combined total of at least \$60,000,000 for fiscal years 2000 and 2001.
 12 Submit a proposed constitutional amendment to the voters that would
 13 reduce the base amount of annual appropriations in art. IX, sec. 16,
 14 Constitution of the State of Alaska, and make other changes to establish
 15 a meaningful appropriation limit.
- 16 (2) **Permanent Fund Protection:** Guarantee the Alaska permanent fund
 17 principal is untouched. The principal of the fund is inflation proofed
 18 to protect its value for all Alaskans, including future generations.
- 19 (3) **Permanent Fund Dividends:** Guarantee a dividend is paid to qualified
 20 Alaska residents at a minimum of \$1,700 in 1999 and \$1,700 in 2000
 21 and thereafter, approximately \$1,348 and higher. Beginning in 2001,
 22 the Constitutional Budget Reserve and the Permanent Fund Earnings
 23 Reserve will be combined. In determining the market value for the
 24 calculation of the dividend, this new account will be joined with the
 25 principal of the permanent fund. After accounting for inflation-
 26 proofing, the dividend will be based on 50 percent of the annual
 27 earnings payment of these combined accounts.
- 28 (4) **Earnings Reserve Usage for Public Purposes:** After payment of
 29 permanent fund dividends and inflation-proofing the fund, the remaining
 30 annual earnings payment will be prioritized for usage for education,
 31 public safety, and transportation.

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

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

6 (7) Income Tax: No personal income tax will be required as part of this
7 plan.

8 Question: After paying annual dividends to residents and inflation-proofing the
9 permanent fund, should a portion of Permanent Fund Investment Earnings be
10 used to help balance the state budget?

11 Yes [] No []

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