

HOUSE BILL NO. 493

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES HARRIS, Gruenberg, Anderson, Gatto, Wilson, McGuire, Kookesh, Joule, Chenault, Cissna, Kott, Meyer, Samuels, Kapsner, Heinze, Holm

Introduced: 2/16/04

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to adoption and revision of a long-term fiscal plan for the State of**
2 **Alaska."**

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 FINDINGS. The Alaska State Legislature finds that

7 (1) the State of Alaska has a significant disparity between available revenues
8 and the level of expenditures necessary to maintain a reasonable level of state services;

9 (2) for several years the legislature has addressed the disparity between state
10 revenues and expenditures by drawing against the balance of the budget reserve fund (art. IX,
11 sec. 17, Constitution of the State of Alaska);

12 (3) the amount available in the budget reserve fund is rapidly declining to a
13 level that requires the development of a sound fiscal plan to address future state revenues and
14 expenditures;

1 (4) a long-term fiscal plan would provide the discipline necessary to assure
2 that the state budget remains balanced and properly planned in the future;

3 (5) there is no simple solution to the state's current fiscal dilemma and that a
4 combination of fiscal measures will be required to achieve a fiscal plan that is fair and
5 balanced for all Alaskans.

6 * **Sec. 2.** AS 37.07 is amended by adding a new section to read:

7 **Sec. 37.07.012. Long-term fiscal plan.** (a) The legislature shall adopt and
8 annually revise a comprehensive long-term fiscal plan for balancing state revenues and
9 expenditures for the succeeding five fiscal years.

10 (b) The fiscal plan must include all of the following:

11 (1) the means to foster a stable state economy that encourages real
12 economic growth, maintains a high quality of life, develops the natural resources of
13 the state, provides education for the children of the state, and maintains public health
14 and safety;

15 (2) procedures to assure that state government provides essential
16 services as efficiently as practicable and reduces state expenditures where possible;

17 (3) policies that protect the principal of the Alaska Permanent Fund
18 while using the earnings of the fund to provide inflation-proofing for the principal of
19 the fund, to maintain a strong dividend program, and to retain flexibility of the
20 legislature to determine the appropriate use of the remaining earnings of the fund;

21 (4) the means to raise revenues for the operation of state government
22 while maintaining a stable tax environment in the state;

23 (5) provisions to maintain the integrity of the budget reserve fund
24 established under art. IX, sec. 17, Constitution of the State of Alaska, so that the
25 budget reserve fund is available to provide funding in the event of emergencies while
26 maintaining a prudent minimum balance in the fund.