

HOUSE BILL NO. 52

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES GRUENBERG, Harris, Wilson

Introduced: 1/10/05

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 comprehensive long-range fiscal plan for**
2 **the State of 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 legislature and the governor are responsible for

8 (A) fulfilling constitutionally required state mandates, including
9 providing for

10 (i) the public health and welfare;

11 (ii) public education, including kindergarten through grade 12
12 and the state university system; and

13 (iii) the use, development, and conservation of natural
14 resources;

1 (B) meeting other responsibilities, including providing for

2 (i) public safety;

3 (ii) the construction and maintenance of public facilities and
4 transportation infrastructure to promote economic growth and prosperity; and

5 (iii) protection of the environment;

6 (2) in order to carry out these responsibilities, the legislature must budget a
7 reasonable level of expenditures to finance the operations of state government;

8 (3) there is a significant disparity between the revenue sources that are
9 currently being used and the expenditures necessary to maintain a reasonable level of state
10 services;

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

14 (5) the budget reserve fund is rapidly declining to a level that requires the
15 immediate development of a sound fiscal plan to address current budgetary needs as well as
16 future state revenue and expenditures;

17 (6) there is not a simple solution to the state's current fiscal dilemma; a
18 combination of fiscal measures will be required to achieve a fiscal plan that is balanced and
19 fair to all Alaskans;

20 (7) a comprehensive long-range fiscal plan will encourage the discipline
21 necessary to ensure that the state budget remains balanced and properly planned in the future;

22 (8) the implementation of a comprehensive long-range fiscal plan will help
23 stabilize the state's economy and level out its historical pattern of boom and bust cycles.

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

25 **Sec. 37.07.012. Long-range fiscal plan.** (a) The legislature shall adopt and
26 annually revise a comprehensive long-range fiscal plan to balance state revenue and
27 expenditures for the current fiscal year and the next four fiscal years. The plan must
28 set out projected available revenue and anticipated expenditures for the operation of
29 state government for each fiscal year addressed in the plan. For fiscal years in which
30 projected expenditures exceed projected available revenue, the plan must include
31 specific proposals to balance revenue and expenditures.

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

2 (1) ways to foster a state economy that encourages real economic
3 growth and stability, to maintain a high quality of life, to develop the natural resources
4 of the state, to provide education for the children of the state, and to maintain public
5 health and safety;

6 (2) procedures to ensure that state government provides services as
7 efficiently as practicable and reduces state expenditures where possible;

8 (3) policies that protect the principal of the Alaska permanent fund
9 (art. IX, sec. 15, Constitution of the State of Alaska) over time while using the
10 earnings of the fund to

11 (A) provide inflation-proofing for the principal of the fund;

12 (B) maintain a strong dividend program; and

13 (C) retain the legislature's flexibility to determine the
14 appropriate use of the remaining earnings of the fund;

15 (4) ways to raise revenue for the operation of state government while
16 maintaining a stable tax environment; and

17 (5) provisions to maintain the integrity of the budget reserve fund
18 established under art. IX, sec. 17, Constitution of the State of Alaska, to ensure that
19 the budget reserve fund remains available to provide funding for emergencies and to
20 maintain a prudent minimum balance in the fund.