

**SENATE JOINT RESOLUTION NO. 1**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

**BY SENATOR DYSON**

**Introduced: 1/11/05**

**Referred: Judiciary, Finance**

**A RESOLUTION**

1 **Proposing amendments to the Constitution of the State of Alaska relating to an**  
2 **appropriation limit.**

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

4 \* **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and  
5 readopted to read:

6 **Section 16. Appropriation Limit.** (a) Subject to (b) of this section and  
7 except as provided in this section, appropriations made for a current fiscal year shall  
8 not exceed the amount appropriated in the immediately preceding fiscal year by more  
9 than the product of the prior year appropriations multiplied by the sum of one plus the  
10 percentage change in State population, and then multiplying that resultant product by  
11 one plus the percentage change in the Consumer Price Index. However, the  
12 percentage change in the Consumer Price Index shall be no greater than the percentage  
13 change in personal income of State residents. The Department of Commerce,  
14 Community, and Economic Development or its successor agency shall determine the  
15 change in per capita personal income based upon the Alaska personal income statistics  
16 produced by the Bureau of Economic Analysis in the United States Department of

1 Commerce. In this subsection,

2 (1) "percentage change in State population" means the percentage  
3 change for the latest available estimates as compiled by a State agency;

4 (2) "percentage change in the Consumer Price Index" means the  
5 percentage change for the latest available estimates for all urban consumers for the  
6 Anchorage metropolitan area as compiled by a federal agency.

7 (b) If the appropriation limit amount calculated in this section for a current  
8 fiscal year is less than the appropriation limit amount calculated for the immediately  
9 preceding fiscal year, the appropriation limit amount for the immediately preceding  
10 fiscal year shall apply to the current fiscal year.

11 (c) Calculations made under (a) of this section shall not include appropriations

12 (1) to the Alaska permanent fund established in Section 15 of this  
13 article;

14 (2) of Alaska permanent fund income for payments of permanent fund  
15 dividends to State residents;

16 (3) of money received by the State from a source other than the State  
17 or federal government that is restricted to a specific use by the terms of a gift, grant,  
18 bequest, or contract;

19 (4) of State general obligation bond and revenue bond proceeds;

20 (5) required to pay obligations under revenue bonds;

21 (6) of money received from the federal government;

22 (7) of money received as tuition, fees, or contract receipts, or from  
23 other sources apart from the general fund by the University of Alaska;

24 (8) of dedicated funds and trust funds;

25 (9) of money for expenditures by a State agency to provide services to  
26 another State agency that has also received an appropriation of the same money;

27 (10) of money previously appropriated for a different purpose or to a  
28 different recipient; and

29 (11) made under (d), (g), or (k) of this section.

30 (d) The appropriation limit imposed by this section may be exceeded for a  
31 fiscal year in an emergency as defined in (e) of this section. Any expenditure

1 exceeding the limit imposed by this section for a declared emergency as provided for  
 2 in this section shall be for that purpose only and shall be directly related to, and  
 3 proportional to the costs arising from, the emergency. Furthermore, such funds shall  
 4 not be considered in the base for determining the following year's appropriation limit.

5 (e) "Emergency," for the purposes of this section, means the existence, as  
 6 declared by the governor, of conditions of disaster or of extreme peril to the safety of  
 7 persons an property within the State, or parts thereof, caused by an attack or probable  
 8 or imminent attack by an enemy of the United States, epidemic, fire, flood, drought,  
 9 storm, civil disorder, earthquake, or volcanic eruption. "Emergency" does not include  
 10 revenue shortfalls, excessive spending, or similar conditions limiting the ability to  
 11 fund government operations.

12 (f) The commissioner of revenue, or the head of a successor agency, shall, on  
 13 a quarterly basis, report to the governor and the members of the Finance Committees  
 14 in each house regarding the State's compliance with the appropriation limit imposed  
 15 by this section for the current fiscal year. The report shall include updated estimates  
 16 of revenues and expenditures and the appropriation limit for the current fiscal year. If  
 17 the Department of Revenue estimates that current fiscal year total expenditures might  
 18 exceed the appropriation limit imposed by this section, the report shall include  
 19 recommendations for corrective actions.

20 (g) If total general and other fund revenues exceed the amount that may be  
 21 expended in the current fiscal year due to the appropriation limit imposed by this  
 22 section, the amount of the excess shall be allocated from the general fund as follows:

23 (1) If the budget reserve fund set forth in Section 17 of this article has  
 24 a total of less than \$5,000,000,000, then 100 percent of the excess revenues shall be  
 25 deposited in the budget reserve fund to the extent that this fund contains an amount of  
 26 no more than \$5,000,000,000. Any funds that may not be allocated to the constitution  
 27 budget reserve fund due to the \$5,000,000,000 limitation shall be allocated under (3),  
 28 (4), and (5) of this subsection.

29 (2) Any funds expended from the budget reserve fund shall not be  
 30 considered as part of the base for the purposes of determining the amount of allowable  
 31 appropriations of subsequent years.

1                   (3) Fifty percent of the excess revenues not allocated to the budget  
2 reserve fund in accordance with (1) of this subsection shall be deposited into the  
3 Alaska permanent fund as established in Section 15 of this article.

4                   (4) Twenty-five percent of the excess revenues not allocated to the  
5 budget reserve fund in accordance with (1) of this subsection shall be returned to the  
6 citizens of Alaska as a supplement to the permanent fund dividend to those citizens  
7 entitled to receive a permanent fund dividend.

8                   (5) Twenty-five percent of the excess revenues not allocated to the  
9 budget reserve fund in accordance with (1) of this subsection shall be deposited to a  
10 schools, roads, and highways deferred maintenance fund, which is hereby created in  
11 the treasury as a trust fund, which shall be available for allocation by the legislature to  
12 local agencies and school districts for deferred maintenance of roads, highways, and  
13 schools.

14                   (h) If, following enactment of the budget bill, the governor determines that,  
15 for that fiscal year, general fund revenues will decline substantially below the estimate  
16 of general fund revenues upon which the budget bill for that fiscal year, as enacted,  
17 was based, or general fund expenditures will increase substantially above the estimate  
18 of general fund revenues, or both, or if, following the enactment of the budget bill for  
19 fiscal year, the governor determines that, for that fiscal year, total expenditures are  
20 expected to exceed the appropriation limit imposed by this section for that fiscal year,  
21 the governor may issue a proclamation declaring a fiscal emergency and shall cause  
22 the legislature to assemble in special session solely for that purpose. The  
23 proclamation shall identify the nature of the fiscal emergency and shall be submitted  
24 by the governor to the legislature, accompanied by proposed legislation to address the  
25 fiscal emergency. Any legislation proposed or enacted in response to the fiscal  
26 emergency declared under this section shall comply with the requirements of this  
27 section.

28                   (i) If the legislature fails to pass and send to the governor a bill or bills to  
29 address the fiscal emergency declared under (h) of this section by the tenth day  
30 following the issuance of the proclamation, the legislature may not adjourn for a joint  
31 recess until that bill or those bills have been passed and signed by the governor.

1 Neither the governor nor any member of the legislature shall be entitled to any salary,  
 2 per diem, or other expense allowance for any day after the tenth day following the  
 3 issuance of the proclamation until legislation addressing the fiscal emergency has been  
 4 passed and signed into law by the governor. No forfeited salary, per diem, or expense  
 5 allowance shall be paid retroactively.

6 (j) A bill addressing the fiscal emergency declared under (h) of this section  
 7 shall contain a statement to that effect.

8 (k) Whenever, based on the most recent Department of Revenue estimates, or  
 9 the estimates of its successor agency, and based on laws then in effect, the estimated  
 10 total amount of debt service for the current fiscal year or any of the succeeding four  
 11 fiscal years on non-self-liquidating general obligation bonds and general-fund-  
 12 supported lease revenue bonds exceeds six percent of the estimated general fund  
 13 revenues for that fiscal year, exclusive of transfers from other funds during that fiscal  
 14 year, the treasurer may not sell any additional not-self-liquidating general obligation  
 15 bonds or general-fund-supporting lease revenue bonds.

16 (l) If the percentage under (k) of this section is six percent or less, the  
 17 treasurer may sell those bonds to the extent that, based on the most recent Department  
 18 of Revenue estimates, or the estimates of its successor agency, and based on laws then  
 19 in effect, the additional debt service will not cause the percentage to exceed six  
 20 percent for the current fiscal year or any of the succeeding four fiscal years.

21 \* **Sec. 2.** Article XV, Constitution of the State of Alaska, is amended by adding a new  
 22 section to read:

23 **Section 30. Application, Transition, and Repeal.** The 2006 amendment  
 24 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
 25 for fiscal year 2008. However, for purposes of making calculations under the  
 26 appropriation limit for fiscal years 2008 through 2010, it shall be assumed that,  
 27 excluding appropriation listed under Section 16(c) of Article IX, the amount  
 28 appropriated for

- 29 (1) fiscal year 2006 equals \$3,250,000,000; and  
 30 (2) fiscal year 2007 equals \$3,393,000,000.

31 \* **Sec. 3.** The amendments proposed by this resolution shall be placed before the voters of

- 1 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
- 2 State of Alaska, and the election laws of the state.