

HOUSE BILL NO. 68

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES GRUENBERG, HARRIS, DOLL, AND WILSON, Buch

Introduced: 1/16/07

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 constitutional mandates,

9 (i) providing for the public health, safety, and welfare;

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

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

14 (B) meeting other responsibilities, including

1 (i) constructing and maintaining public facilities and
2 transportation infrastructure; and

3 (ii) protecting the environment;

4 (2) to fulfill these responsibilities, the legislature must budget and finance the
5 operations of state government;

6 (3) there are often significant disparities between available revenue sources
7 and the expenditures necessary to maintain a reasonable level of state services;

8 (4) the legislature has addressed the disparity between state revenue and
9 expenditures by drawing against the balance of the budget reserve fund (art. IX, sec. 17,
10 Constitution of the State of Alaska);

11 (5) the budget reserve fund could become entirely depleted, which would
12 require the use of other revenue sources to meet state needs;

13 (6) a combination of revenue sources will be required to achieve a fiscal plan
14 that is balanced and fair to all Alaskans;

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

17 (8) the implementation of a comprehensive long-range fiscal plan will help
18 stabilize the state's economy.

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

20 **Sec. 37.07.012. Long-range fiscal plan.** (a) The legislature shall adopt an
21 annually revise a comprehensive long-range fiscal plan that ensures state revenue meet
22 expenditures for the current fiscal year and the next four fiscal years. The plan must
23 set out projected available revenue and anticipated expenditures for the operation of
24 state government for each fiscal year addressed in the plan. For fiscal years in which
25 projected expenditures exceed projected available revenue, the plan must include
26 specific proposals to balance revenue and expenditures.

27 (b) The fiscal plan may include

28 (1) ways to foster a state economy that encourages economic growth
29 and stability, maintenance of a high quality of life, development of the state's natural
30 resources, education for the children of the state, and maintenance of the public health,
31 safety, and welfare;

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

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

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

7 (B) maintain a strong dividend program; and

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

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

12 (5) provisions ensuring that the budget reserve fund remains available
13 to provide funding for the state's budget needs.