

HOUSE JOINT RESOLUTION NO. 404

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FOURTH SPECIAL SESSION

BY REPRESENTATIVES EASTMAN, Kurka

Introduced: 10/12/21

Referred: Judiciary, State Affairs, Finance

A RESOLUTION

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit; and proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund, appropriations from the Alaska permanent fund, and a dividend from the Alaska permanent fund.

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

* **Section 1.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

Section 15. Alaska Permanent Fund. (a) At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, [THE PRINCIPAL OF] which shall be used [ONLY] for [THOSE] income-producing investments specifically designated by law as eligible for permanent fund investments. The principal and [ALL] income from the permanent fund shall be retained [DEPOSITED] in the permanent [GENERAL] fund. Appropriations may only be made from the permanent fund as provided in (b) of this section [UNLESS OTHERWISE PROVIDED BY LAW].

1 * **Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding a
2 new subsection to read:

3 (b) The net income of the permanent fund shall be computed annually. The
4 amount available for distribution from the permanent fund equals twenty-one percent
5 of the average annual net income of the permanent fund for the last five fiscal years.
6 Each fiscal year, an amount equal to fifty percent of the amount available for
7 distribution from the permanent fund shall be transferred from the permanent fund to a
8 dividend fund for payments to eligible residents of the State. Each fiscal year, the
9 legislature may appropriate from the permanent fund not more than an amount equal
10 to fifty percent of the amount available for distribution from the permanent fund, less
11 the amount necessary to offset the effect of inflation on the fund during that fiscal
12 year. The amount necessary to offset the effect of inflation shall be retained in the
13 permanent fund.

14 * **Sec. 3.** Article IX, sec. 16, Constitution of the State of Alaska, is amended to read:

15 **Section 16. Appropriation Limit.** (a) Except for appropriations of money
16 received from the federal government, appropriations to the permanent fund
17 under Section 15 of this article, appropriations of money dedicated for special
18 purposes existing on the date of ratification of Section 7 of this article
19 [APPROPRIATIONS FOR ALASKA PERMANENT FUND DIVIDENDS],
20 appropriations of revenue bond proceeds, appropriations required to pay the principal
21 and interest on general obligation bonds, and appropriations of money received from a
22 non-State source in trust for a specific purpose, including revenues of a public
23 enterprise or public corporation of the State that issues revenue bonds, appropriations
24 from the treasury made in [FOR] a fiscal year shall not exceed the average of the
25 State revenue generated in the previous three fiscal years [\$2,500,000,000] by
26 more than the cumulative change [, DERIVED FROM FEDERAL INDICES AS
27 PRESCRIBED BY LAW,] in [POPULATION AND] inflation over the previous two
28 calendar years. If the annualized monthly change in inflation exceeds 10 percent
29 between the end of the second calendar year and the start of the fiscal year for
30 which the limit calculated under this subsection applies, appropriations may
31 exceed the limit by the annualized change in inflation over the six months

preceding the beginning of the fiscal year. Inflation under this subsection shall be calculated using the United States Consumer Price Index for all urban consumers, as calculated by the federal government in 1980. The average of the State revenue in this section shall not include money received from the federal government, inflation of the permanent fund, or loans received by the State.

(b) [SINCE JULY 1, 1981. WITHIN THIS LIMIT, AT LEAST ONE-THIRD SHALL BE RESERVED FOR CAPITAL PROJECTS AND LOAN APPROPRIATIONS. THE LEGISLATURE MAY EXCEED THIS LIMIT IN BILLS FOR APPROPRIATIONS TO THE ALASKA PERMANENT FUND AND IN BILLS FOR APPROPRIATIONS FOR CAPITAL PROJECTS, WHETHER OF BOND PROCEEDS OR OTHERWISE, IF EACH BILL IS APPROVED BY THE GOVERNOR, OR PASSED BY AFFIRMATIVE VOTE OF THREE-FOURTHS OF THE MEMBERSHIP OF THE LEGISLATURE OVER A VETO OR ITEM VETO, OR BECOMES LAW WITHOUT SIGNATURE, AND IS ALSO APPROVED BY THE VOTERS AS PRESCRIBED BY LAW. EACH BILL FOR APPROPRIATIONS FOR CAPITAL PROJECTS IN EXCESS OF THE LIMIT SHALL BE CONFINED TO CAPITAL PROJECTS OF THE SAME TYPE, AND THE VOTERS SHALL, AS PROVIDED BY LAW, BE INFORMED OF THE COST OF OPERATIONS AND MAINTENANCE OF THE CAPITAL PROJECTS.] No other appropriation in excess of this limit may be made except

(1) to meet a state of disaster declared by the governor as prescribed by law upon affirmative vote of three-fourths of the elected members of each house of the legislature; and

(2) to repel invasion, suppress insurrection, or defend the State in war declared by the governor as prescribed by law upon affirmative vote of four-fifths of the elected members of each house of the legislature.

(c) The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

(d) If an appropriation in excess of this limit is made under (b)(1) of this section, the limit for the immediately succeeding fiscal year shall be reduced by the excess amount appropriated.

1 * **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new
2 sections to read:

3 **Section 30. Permanent Fund Amendments: Transition.** (a) On June 30,
4 2023, the unencumbered balance of the earnings reserve account established by law
5 shall be deposited in the Alaska permanent fund and become part of the principal of
6 the fund.

7 (b) The 2022 amendments relating to the Alaska permanent fund (art. IX, sec.
8 15) apply to appropriations made for the fiscal year ending June 30, 2024, and
9 thereafter.

10 **Section 31. Appropriation Limit Amendments: Transition.** (a) The 2022
11 amendments relating to an appropriation limit (art. IX, sec. 16) take effect
12 immediately upon certification of the election returns by the lieutenant governor and
13 apply to appropriations made after the amendments take effect.

14 (b) For the fiscal years ending June 30, 2024, June 30, 2025, and June 30,
15 2026, the average of the State revenue generated in the previous three fiscal years
16 under the 2022 amendments relating to an appropriation limit (art. IX, sec. 16) shall
17 not include appropriations to the dividend fund for permanent fund dividends in the
18 fiscal years ending June 30, 2021, June 30, 2022, and June 30, 2023.

19 * **Sec. 5.** The amendments proposed by this resolution shall be placed before the voters of
20 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
21 State of Alaska, and the election laws of the state.