

Introduced: 1/15/86
Referred: Judiciary and
Finance

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1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 22

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution
6 of the State of Alaska creating an
7 appropriation reserve fund and limiting
8 increases in appropriations.

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

10 * Section 1. Article IX, sec. 7, Constitution of the State of Alaska,
11 is amended to read:

12 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
13 license shall not be dedicated to any special purpose, except as
14 provided in section 15 of this article and in article XV, section 29
15 or when required by the federal government for state participation in
16 federal programs. This provision shall not prohibit the continuance of
17 any dedication for special purposes existing upon the date of ratifi-
18 cation of this section by the people of Alaska.

19 * Sec. 2. Article IX, sec. 16, Constitution of the State of Alaska, is
20 repealed and readopted to read:

21 SECTION 16. APPROPRIATION LIMITATIONS. Except for appropria-
22 tions to the Alaska permanent fund, appropriations of the proceeds of
23 revenue or general obligation bonds and appropriations required to pay
24 the principal and interest on general obligation bonds, appropriations
25 from the treasury during a fiscal year may not exceed the lesser of
26 the amount appropriated in the fiscal year this section takes effect
27 adjusted for the cumulative inflation and population growth or decline
28 as defined by law or 95 percent of the unrestricted revenue of the
29 state for the previous calendar year. An appropriation in excess of

1 this limit may not be made unless a state of emergency is declared by
2 the governor as provided by law. The governor shall cause any unex-
3 pended or unappropriated balance to be invested so as to yield com-
4 petitive market rates to the treasury.

5 * Sec. 3. Article IX, Constitution of the State of Alaska, is amended
6 by adding a new section to read:

7 SECTION 17. APPROPRIATION RESERVE FUND. An appropriation re-
8 serve fund is established. Appropriations may not be made from the
9 appropriation reserve fund except for the purpose of repelling inva-
10 sion, suppressing insurrection, defending the state in war, meeting
11 natural disasters, or appropriations required to pay the principal and
12 interest on general obligation bonds. The balance of the appropria-
13 tion reserve fund shall be invested at competitive national market
14 rates. All earnings of the fund shall become part of the principal of
15 the fund. On June 30 of the fiscal year in which the balance of the
16 appropriation reserve fund exceeds 1.5 times the appropriations of
17 unrestricted revenue in the preceding fiscal year, the balance of the
18 appropriation reserve fund shall lapse into the treasury and no de-
19 posits shall be made into the fund after that date.

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

22 SECTION 29. APPROPRIATION RESERVE FUND. Unless the balance of
23 the appropriation reserve fund has lapsed into the treasury before
24 receipt of the money, all money received by the state from the follow-
25 ing sources that is unappropriated on July 1, 1985, and otherwise
26 unencumbered and unrestricted at the time of receipt shall be trans-
27 ferred from the treasury to the appropriation reserve fund:

28 (1) money from the settlement or other conclusion of the
29 Trans-Alaska Pipeline System rate case, State v. Amerada Hess, et al,

1 Superior Court, First Judicial District, Case No. 77-847 (civil), and
2 United States v. Alaska, No. 84 original, United States Supreme Court;
3 (2) money received under 43 U.S.C. section 1337(g) (Outer
4 Continental Shelf Lands Act, as now or hereafter amended);
5 (3) taxes, together with penalties and interest on the
6 taxes, levied under AS 43.56 (Oil and Gas Exploration, Production and
7 Pipeline Transportation Property Taxes), AS 43.57 (Oil and Gas Regula-
8 tion and Conservation Tax), former AS 43.58 (Oil and Gas Reserves Ad
9 Valorem Tax), and former AS 43.21 (Oil and Gas Corporate Income Tax)
10 for a tax year ending prior to January 1, 1985, and paid to the state
11 after December 31, 1985.

12 SECTION 30. APPROPRIATION LIMITATIONS. After June 30, 1987, and
13 until June 30 of the fiscal year in which the balance of the appro-
14 priation reserve fund lapses into the treasury, appropriations during
15 a fiscal year may not exceed the amount appropriated in the fiscal
16 year in which this section becomes effective by more than the cumula-
17 tive inflation and population growth or decline as prescribed by law.
18 This limitation does not apply to appropriations to the Alaska perma-
19 nent fund, appropriations of the proceeds of revenue or general obli-
20 gation bonds, and appropriations required to pay the principal and
21 interest on general obligation bonds. An appropriation in excess of
22 this limit may not be made unless a state of emergency is declared by
23 the governor as provided by law. Seventy-five percent of that portion
24 of the unrestricted revenue of the state that has not been appropri-
25 ated as allowed by this section shall be transferred from the general
26 fund to the appropriation reserve fund on the first day of each fiscal
27 year during the period defined in this section and twenty-five percent
28 shall be transferred to the Alaska permanent fund. During the period
29 in which this section is in effect the provisions of Section 16 of

1 Article IX of this Constitution are superseded.

2 SECTION 31. EFFECTIVE DATE. The amendment to Article IX, Sec-
3 tion 16 adopted when the appropriation reserve fund is established in
4 Article IX, Section 17 takes effect on July 1 of the fiscal year
5 following the fiscal year in which the balance in the appropriation
6 reserve fund exceeds 1.5 times the appropriations of unrestricted
7 revenue in the preceding fiscal year.

8 * Sec. 5. The amendments proposed by this resolution shall be placed
9 before the voters of the state at the next general election in conformity
10 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
11 tion laws of the state.