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1 IN THE SENATE

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SENATE JOINT RESOLUTION NO. 40

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

Proposing amendments to the Constitution  
of the State of Alaska relating to the  
use and expenditure of state money.

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

9 \* Section 1. Article XV, Constitution of the State of Alaska, is  
10 amended by adding new sections to read:

11 SECTION 29. DEDICATED FUNDS. (a) The operation of Section 7 of  
12 Article IX is suspended from July 1, 1989, through June 30, 1995, and  
13 this section applies in lieu of Section 7 of Article IX.

14 (b) The proceeds of any state tax or license shall not be dedi-  
15 cated to any special purpose, except as provided in Sections 30 and 32  
16 of this article or when required by the federal government for state  
17 participation in federal programs. This provision shall not prohibit  
18 the continuance of any dedication for special purposes existing upon  
19 the date of ratification Section 7 of Article IX by the people of  
20 Alaska.

21 SECTION 30. ALASKA PERMANENT FUND. (a) The operation of Sec-  
22 tion 15 of Article IX is suspended from July 1, 1989, through June 30,  
23 1995, and this section applies in lieu of Section 15 of Article IX.

24 (b) At least twenty-five percent of all mineral lease rentals,  
25 royalties, royalty sale proceeds, federal mineral revenue sharing  
26 payments and bonuses received by the State shall be placed in a perma-  
27 nent fund, the principal of which shall be used only for those income-  
28 producing investments specifically designated by law as eligible for  
29 permanent fund investments.

1 (c) At the end of each fiscal year income of the permanent fund  
2 shall be distributed as follows:

3 (1) forty percent to be used for dividends for State resi-  
4 dents as provided by law;

5 (2) thirty percent to be added to the principal of the  
6 permanent fund to help offset the effect of inflation and increase the  
7 principal; and

8 (3) thirty percent to the budget reserve fund established  
9 under Section 32 of this article.

10 SECTION 31. APPROPRIATION LIMIT. (a) The operation of Sec-  
11 tion 16 of Article IX is suspended from July 1, 1989, through June 30,  
12 1995, and this section applies in lieu of Section 16 of Article IX.

13 (b) Except for appropriations to the permanent fund or for  
14 Alaska permanent fund dividends, appropriations to the budget reserve  
15 fund, appropriations of revenue bond proceeds, appropriations required  
16 to pay the principal and interest on general obligation bonds, and  
17 appropriations of money received from a non-state source in trust for  
18 a specific purpose, including revenues of a public enterprise or  
19 public corporation of the state that issues revenue bonds, appropria-  
20 tions from the treasury made for a fiscal year shall not exceed appro-  
21 priations made for the preceding fiscal year by more than five percent  
22 plus the change, derived as prescribed by law, in population and  
23 inflation since the beginning of the preceding fiscal year. The  
24 legislature may exceed this limit in bills for appropriations if each  
25 bill is approved by the governor, or passed by affirmative vote of  
26 three-fourths of the membership of the legislature over a veto or item  
27 veto, or becomes law without signature, and is also approved by the  
28 voters as prescribed by law. Each bill for appropriations for capital  
29 projects in excess of the limit shall be confined to capital projects

1 of the same type, and the voters shall, as provided by law, be in-  
2 formed of the cost of operations and maintenance of the capital pro-  
3 jects.

4 SECTION 32. BUDGET RESERVE FUND. (a) This section applies from  
5 July 1, 1989, through June 30, 1995.

6 (b) Income of the permanent fund shall be deposited in the  
7 budget reserve fund in accordance with Section 30(c) of this article.  
8 Money received by the state that is subject to the appropriation limit  
9 under Section 31 of this article and that exceeds that appropriation  
10 limit shall be deposited in the budget reserve fund. Additional  
11 appropriations may be made to the budget reserve fund.

12 (c) Money in the budget reserve fund shall be invested so as to  
13 yield competitive market rates to the fund. Income from investment of  
14 the fund shall be retained in the fund.

15 (d) If the legislature determines that the money subject to the  
16 appropriation limit received by the state in a fiscal year is less  
17 than the maximum amount that may be appropriated under Section 31 of  
18 this article, money may be appropriated from the budget reserve fund  
19 to the general fund.

20 (e) Notwithstanding the appropriation limit in Section 31 of  
21 this article, additional amounts may be appropriated from the budget  
22 reserve fund to meet a state disaster declared by the governor as  
23 prescribed by law.

24 SECTION 33. REPEAL. Sections 29 - 32 of Article XV are repealed  
25 July 1, 1995.

26 \* Sec. 2. The amendments proposed by this resolution shall be placed  
27 before the voters of the state at the next general election in conformity  
28 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
29 tion laws of the state.