

1 IN THE SENATE

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2 SPONSOR SUBSTITUTE FOR SENATE JOINT RESOLUTION NO. 5

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska amending provi-  
7 sions relating to the Alaska permanent  
8 fund; establishing temporary provisions  
9 relating to dedicated funds, the Alaska  
10 permanent fund, the expenditure limit,  
11 and the budget stabilization fund; and  
12 suspending the operation of provisions  
13 relating to dedicated funds, the Alaska  
14 permanent fund, and the appropriation  
15 limit.

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

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

19 SECTION 15. ALASKA PERMANENT FUND. At least twenty-five per  
20 cent of all mineral lease rentals, royalties, royalty sale proceeds,  
21 federal mineral revenue sharing payments and bonuses received by the  
22 State shall be placed in a permanent fund. The fund is established as  
23 a trust on behalf of all the residents of the State and its principal  
24 shall be invested in accordance with the prudent investor rule in [,  
25 THE PRINCIPAL OF WHICH SHALL BE USED ONLY FOR THOSE] income-producing  
26 investments specifically designated by law as eligible for permanent  
27 fund investments. All income from the permanent fund shall be depos-  
28 ited in the general fund unless otherwise provided by law.

29 \* Sec. 2. Article XV, Constitution of the State of Alaska, is amended

1 by adding new sections to read:

2 SECTION 29. DEDICATED FUNDS. (a) The operation of Section 7 of  
3 Article IX is suspended from July 1, 1991, through June 30, 1996, and  
4 this section applies in lieu of Section 7 of Article IX.

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

12 SECTION 30. ALASKA PERMANENT FUND. (a) The operation of Sec-  
13 tion 15 of Article IX is suspended from July 1, 1991, through June 30,  
14 1996, and this section applies in lieu of Section 15 of Article IX.

15 (b) At least twenty-five percent of all mineral lease rentals,  
16 royalties, royalty sale proceeds, federal mineral revenue sharing  
17 payments and bonuses received by the State shall be placed in a perma-  
18 nent fund. The fund is established as a trust on behalf of all the  
19 residents of the State and its principal shall be invested in accor-  
20 dance with the prudent investor rule in income-producing investments  
21 specifically designated by law as eligible for permanent fund invest-  
22 ments.

23 (c) The income of the permanent fund shall be distributed as  
24 follows:

25 (1) fifty percent to be used for dividends for State resi-  
26 dents as provided by law;

27 (2) thirty percent to be added to the principal of the  
28 permanent fund to help offset the effect of inflation and increase the  
29 principal; and

1                   (3) twenty percent to the budget stabilization fund estab-  
2 lished under Section 32 of this article.

3                   SECTION 31. EXPENDITURE LIMIT. (a) The operation of Section 16  
4 of Article IX is suspended from July 1, 1991, through June 30, 1996,  
5 and this section applies in lieu of Section 16 of Article IX.

6                   (b) Except for appropriations to the permanent fund or for  
7 Alaska permanent fund dividends, appropriations to the budget stabili-  
8 zation fund, appropriations by the legislature to meet a State natural  
9 disaster declared by the governor as prescribed by law, appropriations  
10 of revenue bond proceeds, and appropriations of money received from a  
11 non-State source in trust for a specific purpose, including revenues  
12 of a public enterprise or public corporation of the State that issues  
13 revenue bonds, appropriations from the treasury made for fiscal year  
14 1996 may not exceed a basic services budget level of \$1,400,000,000.  
15 The legislature shall by law establish an expenditure limit for each  
16 fiscal year calculated to achieve the basic services budget level  
17 required under this section for fiscal year 1996.

18                   (c) During a fiscal year the legislature may exceed the expendi-  
19 ture limit under (b) of this section if each bill that exceeds the  
20 limit is passed by affirmative vote of three-fourths of the membership  
21 of each house of the legislature or, notwithstanding Sections 1 and 14  
22 of Article II and Article XI, is approved by the voters as prescribed  
23 by law. The voters shall, for each bill for appropriations for capi-  
24 tal projects, be informed as provided by law of the cost of operations  
25 and maintenance of each capital project.

26                   (d) Fifty percent of the money received by the State that is  
27 subject to the expenditure limit under (b) of this section and that  
28 exceeds that limit but is not appropriated under (c) of this section  
29 shall be deposited in the principal of the permanent fund and the

1 remaining fifty percent shall be deposited in the budget stabilization  
2 fund.

3 SECTION 32. BUDGET STABILIZATION FUND. (a) This section ap-  
4 plies from July 1, 1991, through June 30, 1996.

5 (b) Income of the permanent fund shall be deposited in the  
6 budget stabilization fund in accordance with Section 30(c) of this  
7 article. Fifty percent of the money received by the State that is  
8 subject to the expenditure limit under Section 31(b) of this article,  
9 exceeds that limit, and is not appropriated under Section 31(c) of  
10 this article shall be deposited in the budget stabilization fund.  
11 Additional appropriations may be made to the budget stabilization  
12 fund.

13 (c) Money in the budget stabilization fund shall be invested so  
14 as to yield competitive market rates to the fund. Income from invest-  
15 ment of the fund shall be retained in the fund.

16 (d) If the legislature determines that the money subject to the  
17 expenditure limit received by the State in a fiscal year is less than  
18 the maximum amount that may be appropriated under Section 31 of this  
19 article, money may be appropriated from the budget stabilization fund  
20 to the general fund. However, the amount appropriated from the budget  
21 stabilization fund during a fiscal year may not exceed the lesser of

22 (1) the amount that, when added to money subject to the  
23 expenditure limit received by the State during that fiscal year,  
24 equals the maximum amount that may be appropriated under Section 31 of  
25 this article; or

26 (2) twenty-five percent of the balance of the budget sta-  
27 bilization fund.

28 (e) Notwithstanding the expenditure limit in Section 31 of this  
29 article, additional amounts may be appropriated from the budget

1        stabilization fund to meet a State disaster declared by the governor  
2        as prescribed by law.

3                SECTION 33. REPEAL. Sections 29 - 32 of Article XV are repealed  
4        July 1, 1996.

5        \* Sec. 3. The amendments proposed by this resolution shall be placed  
6        before the voters of the state at the next general election in conformity  
7        with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
8        tion laws of the state.