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1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR SENATE JOINT RESOLUTION NO. 5 (State Affairs)
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 of 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 a fiscal year
14 may not exceed appropriations made for the preceding fiscal year
15 adjusted, as prescribed by law, for the change in population and
16 inflation since the beginning of the preceding fiscal year.

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

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

1 stabilization fund.

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

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

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

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

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

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

27 (e) Notwithstanding the expenditure limit in Section 31 of this
28 article, additional amounts may be appropriated from the budget stabi-
29 lization fund to meet a State disaster declared by the governor as

1 prescribed by law.

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

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