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EXCERPT TAKEN FROM THE 1982 BALLOT MEASURE

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

SECTION 16. APPROPRIATION LIMIT. Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation 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 a 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 to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.



OFFICIAL BUSINESS

Alaska State Legislature
Senate

POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

MEMORANDUM

January 24, 1983

TO: Senator Bill Ray, Chairman
Judiciary Committee

FROM: Senator Arliss Sturgulewski 
Senate District F, Seat A

RE: SB 60

Senate Bill 60 proposes language to implement the newly approved constitutional limit on spending (Art. IX, Sec. 16 of the Alaska Constitution).

Senate Bill 60 provides language which:

1. establishes a mechanism for voter approval of non-bonded capital projects (Sec. 2 and 3);
2. identifies responsibility for the generation of operation and maintenance cost information (Sec. 4);
3. identifies in law a formula for adjusting the appropriation limitation (Sec. 4);
4. defines, for purposes of the constitutional spending limit, a "capital project" and a "loan appropriation" (Sec. 5); and
5. establishes a "capital reserve fund" into which appropriations of all or part of the "one-third reserved for capital projects and loan appropriations" may be placed (Sec. 6).

Sectional Analysis

Section 1 states the purpose of the bill as a need to provide implementing statutes for the constitutional spending limit.

Sections 2 and 3 provide a means for voter approval of non-bonded capital projects. The format used is parallel to that currently in statutes for voter approval of bonded projects.

Section 4 states that the Division of Budget and Management (changed by Executive Order to the Office of Management and Budget) shall be responsible for preparing an estimate of the operation and maintenance costs of projects going to the voters for approval. The Division has had staff working on this project for a couple of years. Section 4 also states a formula for the adjustment to the base of the spending limit. Such an adjustment, based on population and inflation, is required in the language of the constitution. This section specifies that the Division of Budget and Management is responsible for the adjustment. This is necessary as calculation needs to be made for budgetary purposes. The division is to use the consumer price index for urban consumers published by the United States Bureau of Labor Statistics and to use United States Census Bureau population information. These are accepted and recognized ways to adjust a base.

Section 5 defines a "capital project" as having an anticipated life of more than one year and a cost of \$25,000 or more. Certain associated costs, for example, financing, land acquisition and development, are placed under the definition. Grants to other entities for a project which fits the definition of "capital project" as presented here is also considered a "capital project" for purposes of the constitutional spending limit. Major maintenance and rehabilitation are also defined as a capital project in order to avoid the situation in which capital facilities are allowed to sink into disrepair, and then new projects are built.

"Loan appropriations" are defined to include the amounts both of the loan and the subsidy, if any.

Section 6 establishes a "capital reserve fund" into which appropriations of the one-third that is reserved for capital projects and loan appropriations may be made. The fund is in the Department of Revenue. Expenditures may be made only for authorized purposes. The purpose of the fund is to set aside adequate sums of money for the financing of large scale capital projects that will bring a net return to the economy of the state.

If there is any further information you may need or any assistance I can be to your Committee as they review this bill, please contact me.