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STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HJR 12
 Title: Constitutional Amendment
Affecting Taxes
 Sponsor: Martin
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: Revenue
Collection & Management
 BRU, Program or Subprogram(s) Affected:
Petroleum Revenue Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary

This resolution proposes a constitutional amendment which would require that voters approve ad valorem taxes (among others) before they take effect. It has no impact on current tax programs or revenues.

Prepared By: [Signature] Phone: 276-1363
 Division: Petroleum Revenue Date: Feb. 1, 1985
 Approved by Commissioner: [Signature] Date: 2/11/85
 Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
 Legislative Sponsor
Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Revision Date: _____
FISCAL DETAIL _____

Bill/Resolution No.: HJR12 Agency Affected: Revenue _____
Title: Amend Constitution prohibiting Program Category Affected: _____
inposition of income tax, property tax
or sales tax
Sponsor: Martin et al _____ BRU, Program or Subprogram(s)
Requestor: House Judiciary _____ Affected _____
Date of Request: Jan 30, 1985 _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

not evaluated by this agency

FUNDING: (Millions of Dollars)

	FY85	FY86	FY87	FY88	FY89	FY90
GENERAL FUND	0	-148	-183	-204	-220	-220
FEDERAL FUNDS	0	0	0	0	0	0

POSITIONS:

not evaluated by this agency

ANALYSIS:

No revenues have been projected from personal income taxes or retail sales taxes so no change is anticipated from the passage of this resolution.

Voter approval of this resolution, if held to apply to previously established real property taxes could make the oil & gas property tax unconstitutional. Assuming that the resolution was approved by the voters, the Constitutional change was effective for FY86, and that the change was held to apply to previously established taxes (of the noted types) the loss of tax revenue would be as reflected above.

Prepared By: Mary Ellen Frank *M. E. Frank* Phone: 465-2174
 Division: Revenue Research Date: *1/30/85 2/11/85*
 Approved by Commissioner: *Stacy K. Studale* Date: *2/11/85*
 Agency: _____

- Distribution (by Agency preparing fiscal note):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management & Budget
 - Impacted Agency(ies)

Alaska State Legislature

OFFICE OF THE MINORITY



POUCH V
JUNEAU, ALASKA 99811

House of Representatives

MEMORANDUM

To: Representative Mike Miller, Chairman
House Judiciary Committee

From: Representative Terry Martin, Sponsor

Re: HJR 12

"Proposing an amendment to the Constitution of the State of Alaska prohibiting the imposition of state personal income taxation, state ad valorem taxation or real property, or state retail sales taxation without the approval of the voters of the state."

This bill would put to the voters of this state an amendment to the Alaska Constitution. The amendment would require that any state income, property or sales tax be approved by the voters before going into effect. I see this bill as a protection of our voters' rights.

With declining oil revenues, various methods of taxation will be considered to supplement the state budget. Already we see bills being introduced to reinstate personal income tax. It seems inevitable that more and more taxation options will be looked at in the near future.

However, voters have very little say in whether or not taxes should be imposed. Under our constitution, if the legislature should pass a taxation bill, the public's only recourse to rescind such an action is the referendum process. However, this option is so narrowly defined as to be almost impossible to carry through. According to our Constitution:

A referendum petition may be filed only within ninety days after adjournment of the legislative session at which the act was passed.

That gives voters three months to collect all the necessary signatures to repeal the measure--this same action took the Libertarian party nearly a year to do, when they collected signatures under the initiative process to repeal the Alaska Transportation Commission.

The option may exist that, if the 90 day deadline is not met, the initiative process could be used, allowing a longer time. This is questionable.

In addition, there is some question as to whether a taxation bill could be repealed even then. Under Article XI, Section 7, Restrictions, the

Constitution states that "the initiative shall not be used to . . . repeal appropriations. . . .The referendum shall not be applied to dedications of revenue, to appropriations

So, if a taxation measure is considered an appropriation or dedication of revenue, even this relief is denied the public. I have asked the Attorney General for an opinion in this regard.

Many states require a large majority vote of the legislature to enact or increase taxes. I have attached a report by the House Research Agency showing which states require "super-majority" votes for these measures. In Alaska, however, a simple majority of the full house is all that is required to impose taxes.

In regard to the revenues that would be lost according to the Department of Revenue fiscal note, I am looking into the possibility of "grandfathering" in existing taxes should this Constitutional Amendment be passed. As you may know, when our State Constitution was written, we grandfathered in revenues dedicated before statehood (see Article IX, Section 7). I have asked the House Research Agency to check other states to find out whether similar situations may have existed and what their resolution was. For instance, one state enacted a tax "cap", but excepted existing taxation from the measure. I am awaiting that information.

For these reasons, to protect our public, I strongly urge the House Judiciary Committee to give its most serious consideration to HJR 12. Additionally, I ask that the Committee delay action on this measure until I receive and forward to you the information I am awaiting from the Attorney General and the House Research Agency.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 11, 1985

MEMORANDUM

TO: Representative Terry Martin

FROM: Mark Torgerson *MKT*
Legislative Analyst

RE: Voter Approval of Taxation in Other States
Research Request 85-132

Joan Mathews of your staff requested information on states which require voter approval of taxation. Specifically, she wanted a report on which types of taxes, e.g., income or property taxes, require voter approval in each state. The information compiled so far shows:

1. Currently, one of the states have constitutional or statutory provisions which require voter approval of all state tax increases. Two states--California and Missouri--have constitutional amendments which require voter approval of all local tax and fee increases. In California, special taxes need a two-thirds vote while general tax increases need a majority approval vote. The Missouri provision requires a majority vote for either tax, but property taxes cannot be increased by more than \$3.50 per \$100 value without a two-thirds vote.
2. Some state constitutions require voter approval for specific types of tax increases. For example, California's electorate must approve any increase in property or insurance company taxes. In Michigan, any state sales tax increase must be submitted to the voters. In 1984, the voters there defeated a proposal which would have required voter approval to raise any tax. Likewise, Oregon voters defeated a proposal to limit property taxes. Currently, Oregon's constitution does not require voter approval for any tax increase. Their legislature has the full power of state taxation, but tax increases may be referred to the voters for approval or rejection. Alaska's constitution does not require voter approval of tax provisions. In Washington, the constitution limits real and personal property tax levies to one percent of fair market value. In addition, special local levies must be approved by a three-fifths vote. The constitutions of Arkansas and Idaho

Representative Martin
February 11, 1985
Page Two

limit property tax levies to one percent of the assessed valuation. Hawaii's constitution does not limit property taxes, but the power to tax real property there lies exclusively with the counties.

3. Voters in a number of states have recently passed constitutional amendments that mandate a super-majority vote of each house of the legislature to increase state taxes. Table 1 lists those states, the percent vote needed for passage, and the type of tax affected.
4. Voters and legislatures in 19 states have recently adopted measures which impose ceilings on the growth of state spending or revenue. Some of these measures could affect tax increases. For example, in Colorado and Hawaii, spending limitations have resulted in tax refunds. Missouri's revenue restriction will probably create a similar tax refund this year. Table 2 describes these state limitation measures.
5. Voters in 24 states can essentially write their own tax law via the initiative process. However, citizen-initiated proposals have recently been submitted for tax limitation purposes only. Voters can reject legislatively created tax increases through the referendum process.

Please let me know if you need additional information.

MT

Attachments

TABLE 1

States That Require a Super-Majority Legislative Vote
to Pass Major Tax Increases

<u>State</u>	<u>Percent of Votes Required for Passage in Each House</u>	<u>Notes</u>
Arkansas	three-fourths	Required only for taxes levied since 1934. (Primarily pertains to sales and alcohol beverage taxes.)
California	two-thirds	Applies to all tax increases. Constitutional requirement adopted in 1978.
Delaware	three-fifths	Applies to all tax increases. Constitutional requirement adopted in 1980 and 1981.
Florida	three-fifths	Applies only to changes in corporate income tax. Adopted in 1971.
Louisiana	two-thirds	Applies to all tax increases.
Mississippi	two-thirds	Applies to all tax increases.
South Dakota	two-thirds	Required to increase any existing tax rate or base. (Simple majority if a new tax is adopted.) Adopted in 1978.

TABLE 1 (Continued)

States that Require Super-Majority Legislative Vote
for Tax Increases in Special Circumstances

<u>State</u>	<u>Percent of Votes Required for Passage in Each House</u>	<u>Notes</u>
Arizona	two-thirds	Required only if an emergency clause is attached which would enact the tax change immediately rather than 90 days after legislative adjournment.
Maine	two-thirds	Required only if an emergency clause is attached which would enact the tax change immediately rather than 90 days after legislative adjournment.
North Dakota	two-thirds	Required only for modification of tax changes in the first seven years after approval by electorate in an initiative or referendum.
Oklahoma	two-thirds	Required only if an emergency clause is attached that would enact a tax change immediately after the governor signs a bill. Invoking an emergency clause when passing a tax change prohibits future changes by citizen initiatives.

Source: Advisory Commission on Intergovernmental Relations. Information compiled from 1984 fiscal survey of legislative and executive state budget officers.

Prepared by the House Research Agency, February 1985.

TABLE 2

Description of State Limitation Measures

<u>State</u>	<u>Year Adopted</u>	<u>Constitutional or Statutory</u>	<u>Expenditures or Revenues</u>	<u>Nature of Limitations</u>
Alaska	1982	Statutory	Expenditures	Inflation and population growth
Arizona	1978	Constitutional	Expenditures	7 percent of personal income
California	1979	Constitutional	Expenditures	Inflation and population growth
Colorado	1979	Statutory	Expenditures	7 percent annual increase
Hawaii	1978	Constitutional	Expenditures	Growth of personal income
Idaho	1980	Statutory	Expenditures	5-1/3 percent of personal income
Louisiana	1979	Statutory	Revenues	Growth of personal income
Michigan	1978	Constitutional	Revenues	Ratio of revenue to personal income in base year
Missouri	1980	Constitutional	Revenues	Ratio of revenue to personal income in base year
Montana	1981	Statutory	Expenditures	Growth of personal income
Nevada	1979	Statutory	Expenditures	Inflation and population growth*
New Jersey	1975	Statutory	Expenditures	Growth of personal income per capita
Oregon	1979	Statutory	Expenditures	Growth of personal income
Rhode Island	1977	Statutory	Expenditures	8 percent annual increase*
South Carolina	1980	Statutory	Expenditures	Growth of personal income
Tennessee	1978	Constitutional	Expenditures	Growth of personal income
Texas	1978	Constitutional	Expenditures	Growth of personal income
Utah	1979	Statutory	Expenditures	Growth of personal income x .85
Washington	1979	Statutory	Revenues	Growth of personal income

Source: National Conference of State Legislatures.

Prepared by the House Research Agency, February 1985.

*Limitation applies to governor's budget request, not to legislative action.

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