

SJR

10

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

M E M O R A N D U M

31 March 1987

TO: Senate Judiciary Committee

FROM: Senator Arliss Sturgulewski *AS*

Attached is a redraft of the proposed committee substitute for Senate Joint Resolution 10. The change is to page three, lines 2 and 3, and lines 7 and 8.

The previous draft allowed the use of the budget reserve fund when revenues were less than 92% of the dollars subject to the appropriation limit, which meant the amount appropriated in the previous fiscal year plus 10% and inflation would be the dollar amount used to calculate whether or not the budget reserve fund could be used.

The change permits use of the budget reserve fund only when revenues are less than 92% of the amount appropriated in the previous fiscal year.

This ensures that the budget will have to be reduced by eight percent before the use of the reserve fund is allowed.

Original sponsor: Sturgulewski

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 10 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

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

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

9 * Section 1. Article IX, sec. 7, Constitution of the State of Alaska,
10 is amended to read:

11 SECTION 7. DEDICATED FUNDS. The proceeds of any state tax or
12 license shall not be dedicated to any special purpose, except as
13 provided in Sections [SECTION] 15 and 17 of this article or when
14 required by the federal government for state participation in federal
15 programs. This provision shall not prohibit the continuance of any
16 dedication for special purposes existing upon the date of ratification
17 of this section by the people of Alaska.

18 * Sec. 2. Article IX, sec. 16, Constitution of the State of Alaska, is
19 amended to read:

20 SECTION 16. APPROPRIATION LIMIT. Except for appropriations to
21 the permanent fund or for Alaska permanent fund dividends, appropria-
22 tions to the budget reserve fund, appropriations of revenue bond
23 proceeds, appropriations required to pay the principal and interest on
24 general obligation bonds, and appropriations of money received from a
25 non-State source in trust for a specific purpose, including revenues
26 of a public enterprise or public corporation of the state that issues
27 revenue bonds, appropriations from the treasury made for a fiscal year
28 shall not exceed appropriations made for the preceding fiscal year
29 [\$2,500,000,000] by more than ten percent plus the [CUMULATIVE]

1 change, derived from federal indices as prescribed by law, in [POPU-
2 LATION AND] inflation since the beginning of the preceding fiscal year
3 [JULY 1, 1981. WITHIN THIS LIMIT, AT LEAST ONE-THIRD SHALL BE RE-
4 SERVED FOR CAPITAL PROJECTS AND LOAN APPROPRIATIONS. THE LEGISLATURE
5 MAY EXCEED THIS LIMIT IN BILLS FOR APPROPRIATIONS TO THE ALASKA PERMA-
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10 WITHOUT SIGNATURE, AND IS ALSO APPROVED BY THE VOTERS AS PRESCRIBED BY
11 LAW. EACH BILL FOR APPROPRIATIONS FOR CAPITAL PROJECTS IN EXCESS OF
12 THE LIMIT SHALL BE CONFINED TO CAPITAL PROJECTS OF THE SAME TYPE, AND
13 THE VOTERS SHALL, AS PROVIDED BY LAW, BE INFORMED OF THE COST OF
14 OPERATIONS AND MAINTENANCE OF THE CAPITAL PROJECTS. NO OTHER APPRO-
15 PRIATION IN EXCESS OF THIS LIMIT MAY BE MADE EXCEPT TO MEET A STATE OF
16 DISASTER DECLARED BY THE GOVERNOR AS PRESCRIBED BY LAW. THE GOVERNOR
17 SHALL CAUSE ANY UNEXPENDED AND UNAPPROPRIATED BALANCE TO BE INVESTED
18 SO AS TO YIELD COMPETITIVE MARKET RATES TO THE TREASURY].

19 * Sec. 3. Article IX, Constitution of the State of Alaska, is amended
20 by adding a new section to read:

21 SECTION 17. BUDGET RESERVE FUND. (a) Money received by the
22 State that is subject to the appropriation limit under Section 16 of
23 this article and that exceeds that appropriation limit, shall be
24 deposited in the budget reserve fund. Additional appropriations may
25 be made to the budget reserve fund.

26 (b) Money in the budget reserve fund shall be invested so as to
27 yield competitive market rates to the fund. Income from investment of
28 the fund shall be retained in the fund.

29 (c) If the legislature determines that the money subject to the

1 appropriation limit received by the State in a fiscal year is less
2 than ninety-two percent of the amount that was appropriated under
3 Section 16 of this article in the previous fiscal year, up to two-
4 thirds of the budget reserve fund balance may be appropriated to the
5 general fund. However, the amount appropriated from the budget re-
6 serve fund when added to the money subject to the appropriation limit
7 during the current fiscal year may not exceed ninety-two percent of
8 the amount that was appropriated under Section 16 of this article in
9 the previous fiscal year.

10 (d) Notwithstanding the appropriation limit in this section and
11 in Section 16 of this article, additional amounts may be appropriated
12 from the budget reserve fund to meet a state disaster declared by the
13 governor as prescribed by law.

14 * Sec. 4. The amendments proposed by this resolution shall be placed
15 before the voters of the state at the next general election in conformity
16 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
17 tion laws of the state.
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3 Section 16 of this article ^{in the previous year,} up to two-thirds of the budget reserve
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MEMORANDUM

Senate

17 February 1987

TO: Senate Judiciary Committee
FROM: Senator Arliss Sturgulewski

In the fall of 1986, the voters ratified the current constitutional spending limit by a vote of 119,775 to 48,909. There clearly is public support for a spending limit.

The current spending limit doesn't work. Therefore I have introduced Senate Joint Resolution 10. This legislation is made up of two elements: a spending limitation and a budget reserve fund.

SPENDING LIMIT:

- amends previous constitutional spending limitation language
- includes appropriations to permanent fund in exceptions to limit
- changes the base dollar amount of the spending limit from \$2.5 billion to preceding fiscal year + 10% + inflation.
- deletes limitation language regarding capital projects.

BUDGET RESERVE FUND;

Dollars received by the state (after appropriations for exceptions) that exceed the spending limitation are put in the fund. Additional dollars may be appropriated to the fund.

Interest earned by the fund shall be retained in the fund.

Legislature may use up to 2/3rds of the fund if dollars ~~received by the state in a fiscal year~~ are less than 92% of the spending limit.

The language in SJR 10 allows the use of the fund when dollars received are less than 92% of the amount that may be appropriated under the spending limit.

Because Section 17(c) did not state clearly that the budget must be cut by 8% before the budget reserve fund could be used, I have ordered a draft from legal services that changes that section. The first change is on page 3, line one

...appropriation limit received by the State in a fiscal year [does not exceed] is less than ...

The second change adds a sentence on page three, line 4:

However, the amount appropriated from the budget reserve fund when added to the money subject to the appropriation limit that fiscal year may not exceed ninety-two percent of the amount that may be appropriated under Section 16 of this article.

Some of the major policy questions will revolve around:

1. Do we want to limit, to the extent this bill will require, the size of state government and the power of the legislature to appropriate?

2. Are the numbers in the bill appropriate, i.e., should the appropriation limit be a base figure plus 10%?

Should the budget be allowed to be cut 8% in any one year before the budget reserve fund can be used?

3. Do we want to encourage the use of bonding for capital projects?

4. Should language be put into this legislation that encourages the deposit of windfalls into the permanent fund? $\frac{1}{2}$?

FALL 88
BASE YR =
FY 89

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16 tion laws of the state.

transferred, nor shall the public credit be used, except for a public purpose.

Exceptio

Dedicated
Funds

A

SECTION 7. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

(The amendment to this section was approved by the voters of the state November 2, 1976 and became effective February 21, 1977. This amendment inserted "as provided in section 15 of this article or" in the first sentence.)

Budget

State Debt

SECTION 8. No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective. [Amendment approved November 2, 1982]

Effect of amendments. - The amendment approved November 2, 1982, inserted "or unless authorized by law for housing loans for veterans" in the first sentence.

Expendit

Local Debts

SECTION 9. No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.

Legislati
Post-Au

Interim
Borrowing

SECTION 10. The State and its political subdivisions may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year.

Alaska
Permane
Fund

income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

(The addition of this section was approved by the voters of the state November 2, 1976 and became effective February 21, 1977.)

**Appropriation
Limit**

SECTION 16. 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 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. [Amendment approved November 2, 1982]

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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SJR 10
PUBLISH DATE: 2/3/87

REQUEST:

FISCAL NOTE

Revision Date: 1/22/88
Title: Constitutional amendments relating to the use and expenditure of state money.
Sponsor: STURGULEWSKI
Requestor: Senate Judiciary

Agency Affected: Office of the Governor
BRU: Division of Elections
Components: II - Primary & General Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0	2.2*	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	2.2*	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	2.2*	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Costs included cover 2 to 3 additional pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote (cont.)

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Elections Date: 1/22/88

Approved by Commissioner: [Signature] Date: 2/1/88
Agency: Office of the Governor, Division of Elections

Distribution (by preparer): 2/1/88

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR 10

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4