

SUR

S

HOUSE COMMITTEE REPORT

File

(11)

Date Referred: April 19, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/3/90

The FINANCE Committee considered:

CSSSSJR 5 (FINANCE) am

CS SSSJR NO. 5 (Finance) am PERMANENT FUND/BUDGET RES./APPROP LIMIT

Proposing an amendment to the Constitution of the State of Alaska establishing temporary provisions relating to dedicated funds, the expenditure limit, and the budget reserve fund; and suspending the operation of provisions relating to dedicated funds and the appropriation limit.

RECOMMENDATIONS:

- be replaced with HCS CS SS SJR 5 (FIN) the same title
- a new title
- have attached amendment(s)
- do pass o
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____ fiscal note(s) Division of Elec 2/14/90
- zero fiscal note _____ zero fiscal note(s) _____
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Dick Shultz Shultz
Paul Phillips Phillips
Arnold Larson Larson
Carl Swackhammer Swackhammer
Larry Brown Brown

	Do Not Pass	No Rec	Amend
_____	X		
<u>Walter Koppenen</u> KOPPENEN	X		
<u>Mike Uimer</u> UIMER	X		X
<u>Steve Rieger</u> RIEGER			✓
<u>Ramona Barnes</u> BARNES		X	

Ronald J. Larson Larson
Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: 1/18/90
Title: Provisions relating to the Alaska Permanent Fund
Sponsor: Faiks
Requestor: Faiks

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL SUPPLIES	2.2*	-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2*	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

Prepared by: Linda Edgeworth Phone: 465-4611
Division: Division of Elections Date: _____

Approved by Commissioner: _____ Date: 1.19.90
Agency: Division of Elections

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSSSJR 5

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 \$51.2⁰

Under these circumstances the fiscal note would be:

53.4

BY THE FINANCE COMMITTEE

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Suspending Uniform Rules 41(b), 24(c),
6 and 35 of the Alaska State Legislature
7 concerning SJR 5.

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

9 That under Rule 54 of the Uniform Rules of the Alaska State Legisla-
10 ture the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Uniform
11 Rules, regarding changes to the title of a bill, are suspended in consid-
12 eration of Senate Joint Resolution No. 5, proposing an amendment to the
13 Constitution of the State of Alaska relating to dedicated funds, the expen-
14 diture limit, and the budget reserve fund.

Original sponsor(s): SEN. FAIKS, Jones, Eliason, Fischer, Kelly, Uehling

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SS FOR SENATE JOINT RESOLUTION NO. 5 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution
6 of the State of Alaska relating to an
7 appropriation limit and to the budget
8 reserve fund; and providing for an
9 effective date.

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

11 * Section 1. Article IX, Constitution of the State of Alaska, is amend-
12 ed by adding a new section to read:

13 SECTION 17. BUDGET RESERVE FUND. (a) The budget reserve fund
14 is established as a separate fund in the State treasury. The legisla-
15 ture may appropriate money to the budget reserve fund. Money in the
16 fund shall be invested so as to yield competitive market rates to the
17 fund. Notwithstanding Section 7 of this article, income from invest-
18 ment of the fund shall be retained in the fund and money may be appro-
19 priated from the fund only as authorized under (b) of this section.

20 (b) Money received by the State that is subject to the appro-
21 priation limit under Section 29 of Article XV and that exceeds that
22 appropriation limit shall be deposited in the budget reserve fund.
23 Deposits under this subsection are not subject to the prohibition on
24 dedicated funds under Section 7 of this article. If the legislature
25 determines that the money subject to the appropriation limit received
26 by the State in a fiscal year is less than the amount that may be
27 appropriated under Section 29 of Article XV, up to two-thirds of the
28 budget reserve fund balance may be appropriated to the general fund.
29 However, the amount appropriated from the budget reserve fund when

1 added to the money subject to the appropriation limit may not exceed
2 the amount that may be appropriated under Section 29 of Article XV for
3 that fiscal year. Notwithstanding the appropriation limit in this
4 subsection and in Section 29 of Article XV, additional amounts may be
5 appropriated from the budget reserve fund by affirmative vote of
6 three-fourths of the membership of each house of the legislature.

7 * Sec. 2. Article IX, sec. 17(b), Constitution of the State of Alaska,
8 is repealed and readopted to read:

9 (b) If the amount available for appropriation for a fiscal year
10 is less than the amount appropriated for the previous fiscal year, an
11 appropriation may be made from the budget reserve fund for that fiscal
12 year. However, the amount appropriated may not exceed the amount
13 necessary, when added to other funds available for appropriation, to
14 provide for total appropriations equal to the amount of appropriations
15 made in the previous calendar year for the previous fiscal year.
16 Additional amounts may be appropriated from the budget reserve fund by
17 affirmative vote of three-fourths of the membership of each house of
18 the legislature.

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

21 SECTION 29. APPROPRIATION LIMIT. (a) Appropriations from the
22 treasury made for each of fiscal years 1992, 1993, 1994, and 1995
23 shall not exceed \$2,200,000,000. This subsection does not apply to
24 appropriations to the permanent fund or for permanent fund dividends
25 to State residents, appropriations to the budget reserve fund, appro-
26 priations required to pay the principal and interest on general obli-
27 gation bonds issued by the State, appropriations of general obligation
28 and revenue bond proceeds, appropriations required to pay principal
29 and interest on revenue bonds of a public enterprise or public

1 corporation of the State, appropriations of money received from a
2 State source required for State participation in a federal entitlement
3 program for low income persons, appropriations of money received from
4 a non-State source in trust for a specific purpose, appropriations
5 required to comply with the terms of a settlement agreement or judg-
6 ment in carrying out the trust responsibilities of the State under the
7 Alaska Mental Health Enabling Act of 1956, appropriations of money
8 derived from a fishery enhancement tax that has been approved by vote
9 of the affected taxpayers, and appropriations to meet a state of
10 disaster declared by the governor as prescribed by law.

11 (b) If the rate of inflation since the beginning of a fiscal
12 year is greater than five percent, an appropriation for the next
13 fiscal year of up to the amount necessary to offset the effect of the
14 cumulative inflation that exceeds a compound rate of five percent per
15 annum since July 1, 1991, may be made during the regular session held
16 during that fiscal year upon affirmative vote of two-thirds of the
17 membership of each house of the legislature. The appropriation is not
18 subject to the limit established in (a) of this section. For purposes
19 of applying this subsection, the rate of inflation shall be based on
20 the Consumer Price Index for all urban consumers for Anchorage pre-
21 pared by the United States Bureau of Labor Statistics.

22 * Sec. 4. Section 16 of art. IX and secs. 26, 27, and 28 of art. XV,
23 Constitution of the State of Alaska, are repealed.

24 * Sec. 5. Section 29 of art. XV, Constitution of the State of Alaska,
25 is repealed.

26 * Sec. 6. Sections 1, 3, and 4 of this resolution take effect July 1,
27 1991.

28 * Sec. 7. Sections 2 and 5 of this resolution take effect July 1, 1995.

29 * Sec. 8. The amendments proposed by this resolution shall be placed

1 before the voters of the state at the next general election in conformity
2 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
3 tion laws of the state.

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5/2/90

Alaska State Legislature



①

Senate Judiciary Committee

Adp.
u.c.

May 1, 1990

MEMORANDUM

TO: House Finance Committee

FROM: Senator Jan Falks *JF*

SUBJECT: Amendment to Proposed House CS for SJR 5

As you consider the proposed committee substitute to CSSSSJR 5 (Fin), I would appreciate your consideration in including language which specifies the federal indices to be used in calculating inflation.

I ask the committee to consider, based on the ³⁰4/28/90 work draft, amending the proposed CS as follows:

Page 3, line ¹⁵14:

Delete: "derived from federal indices as prescribed by law"

Insert: "based on the Consumer Price Index for all urban consumers for Anchorage prepared by the United States Bureau of Labor Statistics [for the previous fiscal year]."

DELETE *
AMEND 1
adopted
u/c

Thank you.

Failed
4-4

2

Amendment

By Rieger

To "HJR 66 Version" of SJR 5

Page ²~~1~~, Line ²²~~15~~, after "\$2,300,000,000" insert:

, less any amounts appropriated from a State
source required for State participation in a federally
mandated aid program for low income persons to the
extent ~~the~~ ^{the} appropriations exceed amounts appropriated
during fiscal year 1991 for the same purposes "

3

Amendment

By Rieger

To: HTR66 version of SJR 5 HCS SJR FIN 4/30/90

~~Line 18, Page 1: before "revenue" insert~~

~~"general obligation and"~~

(NOT OFFERED IN HCS)

~~Page 1; Line 20: after "state," insert:~~

~~"appropriations required to pay the principal"~~

~~and interest on general obligation bonds~~

~~issued by the state,"~~

(NOT OFFERED IN HCS)

PT. 1

~~Page 1, Line 25-27: delete all material after "taxpayers"~~

~~3-7 Failed~~

~~3-7 Failed~~

PT. 2

~~Page 2, Lines 3-4: delete "two-thirds", insert "three-quarter"~~

~~11-12~~

amendment to HCS CS SS SJR 5 (Finance) WD/AMY Koponen

4

page 2 line 23

after "appropriations to the permanent fund"
delete " or for permanent fund dividends"
on line 24

delete " to State residents"

HJR 66 amendment § 2

by Ulmer

5

3 3
p. line 23 after "purpose" add:

"appropriations required to
comply with the terms of a
settlement agreement or
judgment in carrying out
the trust responsibilities
of the state under the
Alaska Mental Health
Enabling Act of 1956"

w/o

⑥

A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. ULMER

TO: CSHJR 66 (Judiciary)

Page 1, line 20, after "State,"

Insert "appropriations required to pay principal and interest on general obligation bonds issued by the State,"



A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHJR 66 (Judiciary)

5-5
failed

BY REP. ULMER

Page 1, line 20, after "State,":

Insert "appropriations to pay the principal and interest on general obligation bonds issued by a municipality ^{prior 1990} for construction of elementary or secondary schools,"



A M E N D M E N T

FAILED

OFFERED IN THE HOUSE

BY REP. ULMER

TO: CSHJR 66 (Judiciary)

Page 1, line 22, after "persons,":

Insert "appropriations for a benefit program calculated on a formula basis if the amount required to fully fund the program for the fiscal year is greater than the amount required for the previous fiscal year due to an increase in population,"

with drawn

⑨

A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. ULMER

TO: CSHJR 66 (Judiciary)

Page 1, line 22, after "persons,":

Insert "appropriations for a program that generates during the fiscal year an amount in program receipts equal to or greater than twenty percent of the cost of operating the program for that year,"

10

A M E N D M E N T

BY KOPONEN

w/D

TO: HCSCSSSSJR 5(FIN), draft Cook 6-0161 B
4/30/90

p. 3, line 3, after "specific purpose," insert

"appropriations required to comply with the terms of a settlement agreement or judgement in carrying out the trust responsibilities of the State under the Alaska Mental Health Enabling Act of 1956"

Spending Limit and Budget Reserve Fund - Options

As Currently Drafted	To Tighten Limit	To Loosen Limit
<ul style="list-style-type: none"> • Appropriations for FY 92 - 96 can not exceed \$2.3 billion • Appropriations excluded under the Limit are: To the Permanent Fund For dividends To the Budget Reserve Fund To meet a natural disaster Revenue bond proceeds Revenues from non-state sources • A 2/3 vote of each House is required to exceed the Limit • Limit can also be excced by voter approval • Revenues in excess of the Limit: 50% are deposited in the PF 50% are deposited in the Budget Reserve Fund 	<ul style="list-style-type: none"> • Reduce base year amount so less than 2.3 billion • Require by FY 96 that state spending be gradually reduced to a specified level • Eliminate from the list any of the non-general fund appropriations so count as spending under the Limit: To PF To meet a natural disaster To the Budget Reserve Fund • Require a 3/4 vote • Eliminate this option • Eliminate this option • All deposited in the Permanent Fund 	<ul style="list-style-type: none"> • Increase base year amount above \$2.3 billion • Allow increases each fiscal year for inflation • Allow increases for population growth • Allow increases based on the change in personal income averaged over the last 3 years • Add to the list of exclusions: G.O. Debt (95.6 in FY 91) or all debt (school debt, lease payments and general obligation: 215.5 in FY 91) • Supplementals will not count under the limit as to how much can be spent that fiscal year • Require a majority vote • All deposited in Budget Reserve Fund

Senator Jan Faiks

5/1/90
 50R5

Spending Limit and Budget Reserve Fund - Options

As Currently Drafted	To Tighten Limit	To Loosen Limit
<ul style="list-style-type: none">• All windfalls and settlements go into the Budget Reserve Fund <p><u>BUDGET RESERVE FUND</u></p> <ul style="list-style-type: none">• If revenues are less than the amount which can be spent under the Limit: By a 2/3 vote of each House Legislature can appropriate from the BRF: an amount up to the Limit or 25% of the BRF balance, whichever is less• Money from the BRF can be appropriated to meet a state disaster <p><u>REPEAL</u></p> <ul style="list-style-type: none">• All the provisions sunset on July 1, 1996	<ul style="list-style-type: none">• All goes into Permanent Fund• Split 50/50 between PF and Budget Reserve <ul style="list-style-type: none">• Require a 3/4 vote• Reduce percent balance of fund which can appropriate• Eliminate provision <ul style="list-style-type: none">• Have no sunset provision	<ul style="list-style-type: none">• Have a mechanism to spend some of it <ul style="list-style-type: none">• Require a majority vote• No percentage of balance limit so can appropriate an amount up to the Limit <ul style="list-style-type: none">• Have sunset earlier than 1996

Table 4A

Projected Budget Decline Under Proposed HCS SJR 5 Limit
(In Millions of Nominal Dollars)

Fiscal Year	1990	1991	1992	1993	1994	1995
Authorized/Proposed/Projected Appropriations						
General Funds (Includes Supplementals)	2,458.5	2,576.8	2,576.8	2,553.6	2,561.9	2,592.2
Minus: Disasters	2.0	2.0	2.0	2.0	2.0	2.0
Fisheries Enhancement Tax	10.5	7.6	6.0	6.0	6.0	6.0
AFDC and Medicaid	106.9	132.5	157.6	185.9	220.0	261.1
G.O. Debt Repayments	120.3	95.5	68.2	59.7	33.9	23.1
Total Subject to Limit	2,218.8	2,339.2	2,343.0	2,300.0	2,300.0	2,300.0
HJR 66 Limit			<u>2,300.0</u>	<u>2,300.0</u>	<u>2,300.0</u>	<u>2,300.0</u>
Annual Increase/(Decrease) in Spending Allowable Under HJR 66 Limit			(43.0)	0.0	0.0	0.0
Spending Under HJR 66 in Nominal Dollars			2,533.8	2,553.6	2,561.9	2,566.1
Spending Under HJR 66 in Real (1990) Dollars	2,458.5	2,468.2	2,318.1	2,230.2	2,136.0	2,042.5
DOR Mid-Case UGF Revenues (Spring '90 Forecast)	2,504.3	2,428.2	2,527.2	2,543.8	2,537.4	2,436.0
Carryforward From Previous Year	162.7	188.1				
Adjustments to Revenue	47.6	56.3	50.0	50.0	50.0	50.0
Total Revenues	2,714.6	2,672.6	2,577.2	2,593.8	2,587.4	2,486.0
Budget Reserve Deposit/(Withdrawal)			43.4	40.2	25.5	(80.1)
Budget Reserve Balance				87.1	119.5	40.0

Note that appropriations totals do not include reappropriations (including Railbelt Energy Fund).

Office of the Governor, Division of Policy.
4/30/90

Table 4

Projected Budget Decline Under HJR 66 Limit
(In Millions of Nominal Dollars)

Fiscal Year	1990	1991	1992	1993	1994	1995
Authorized/Proposed/Projected Appropriations						
General Funds (Includes Supplementals)	2,458.5	2,576.8	2,576.8	2,493.9	2,528.0	2,569.1
Minus: Disasters	2.0	2.0	2.0	2.0	2.0	2.0
Fisheries Enhancement Tax	10.5	7.6	6.0	6.0	6.0	6.0
AFDC and Medicaid	106.9	132.5	157.6	185.9	220.0	261.1
Total Subject to Limit	2,339.1	2,434.7	2,411.2	2,300.0	2,300.0	2,300.0
HJR 66 Limit			<u>2,300.0</u>	<u>2,300.0</u>	<u>2,300.0</u>	<u>2,300.0</u>
Annual Increase/(Decrease) In Spending Allowable Under HJR 66 Limit			(111.2)	0.0	0.0	0.0
Spending Under HJR 66 in Nominal Dollars			2,465.6	2,493.9	2,528.0	2,569.1
Spending Under HJR 66 in Real (1990) Dollars	2,458.5	2,468.2	2,255.7	2,178.1	2,107.8	2,044.9
DOR Mid-Case UGF Revenues (Spring '90 Forecast)	2,504.3	2,428.2	2,527.2	2,543.8	2,537.4	2,436.0
Carryforward From Previous Year	162.7	188.1				
Adjustments to Revenue	47.6	56.3	50.0	50.0	50.0	50.0
Total Revenues	2,714.6	2,672.6	2,577.2	2,593.8	2,587.4	2,486.0
Budget Reserve Deposit/(Withdrawal)			111.6	99.9	59.4	(83.1)
Budget Reserve Balance				220.4	297.5	238.2

Note that appropriations totals do not include reappropriations (including Railbelt Energy Fund).

Office of the Governor, Division of Policy.
4/26/90

Table 5

Projected Budget Decline Under SJR 5 Limit
(In Millions of Nominal Dollars)

Fiscal Year	1990	1991	1992	1993	1994	1995	1996
Authorized/Proposed/Projected Appropriations							
General Funds (Includes Supplementals)	2,458.5	2,576.8	2,576.8	2,421.1	2,314.4	2,235.5	2,178.9
Minus: General Obligation Debt	120.3	95.5	68.2	59.7	33.9	23.1	21.5
Disasters	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Fisheries Enhancement Tax	10.5	7.6	6.0	6.0	6.0	6.0	6.0
Growth In AFDC and Medicaid	0	0	25.1	53.4	87.5	128.6	177.4
Total Subject to Limit	2,325.7	2,471.7	2,475.5	2,300.0	2,185.0	2,075.8	1,972.0
SJR 5 Limit			<u>2,300.0</u>	<u>2,185.0</u>	<u>2,075.8</u>	<u>1,972.0</u>	<u>1,873.4</u>
Annual Increase/(Decrease) in Spending Allowable Under SJR 5 Limit			(175.5)	(115.0)	(109.3)	(103.8)	(98.6)
Spending Under SJR 5 in Nominal Dollars			2,401.3	2,306.1	2,205.2	2,131.7	2,080.3
Spending Under SJR 5 in Real (1990) Dollars	2,458.5	2,468.2	2,196.8	2,014.1	1,838.6	1,696.7	1,583.6
DOR Mid-Case UGF Revenues (Spring '90 Forecast)	2,504.3	2,428.2	2,527.2	2,543.8	2,537.4	2,436.0	2,531.3
Carryforward From Previous Year	162.7	188.1					
Adjustments to Revenue	47.6	56.3	50.0	50.0	50.0	50.0	50.0
Total Revenues	2,714.6	2,672.6	2,577.2	2,593.8	2,587.4	2,486.0	2,581.3
Budget Reserve Deposit/(Withdrawal)			175.9	287.7	382.3	354.3	501.0
Budget Reserve Balance				477.7	898.1	1,324.3	1,931.3

Note that appropriations totals do not include reappropriations (including Railbelt Energy Fund)

Office of the Governor, Division of Policy.
4/26/90

5/1/90
SJR5/HJR6

Alaska State Legislature

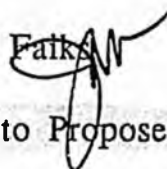


Senate Judiciary Committee

May 1, 1990

MEMORANDUM

TO: House Finance Committee

FROM: Senator Jan Falks 

SUBJECT: Amendment to Proposed House CS for SJR 5

As you consider the proposed committee substitute to CSSSSJR 5 (Fin), I would appreciate your consideration in including language which specifies the federal indices to be used in calculating inflation.

I ask the committee to consider, based on the 4/28/90 work draft, amending the proposed CS as follows:

Page 3, line 14:

Delete: "derived from federal indices as prescribed by law"

Insert: "based on the Consumer Price Index for all urban consumers for Anchorage prepared by the United States Bureau of Labor Statistics for the previous fiscal year".

Thank you.

Alaska State Legislature

JUDICIARY
CHAIRMAN
907-465-4523



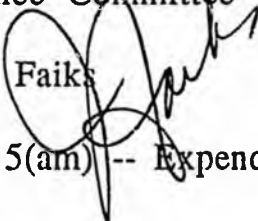
JAN FAIKS
POST OFFICE BOX V
JUNEAU, ALASKA 99811

Senate

April 26, 1990

MEMORANDUM

TO: Representative Lyman Hoffman, Co-Chairman
Representative Ron Larson, Co-Chairman
House Finance Committee

FROM: Senator Jan Faiks 

SUBJECT: CS SS SJR 5(am) -- Expenditure Limit and Budget Reserve Fund

SJR 5 is a constitutional amendment which establishes an expenditure limit and budget reserve fund. Attached for the committee's reference is an overview of the amendment's provisions, the numbers as to how the limit would work in FY 92 - FY 96, and the impact of various scenarios if there were one to five percent reductions each fiscal year compared to forecasted revenues.

The amendment's basic elements are the creation of an expenditure limit and budget reserve account during fiscal years 1992 through 1996:

Expenditure Limit

- The first year of operation (FY 92), the limit is \$2.3 billion. In FY 93 through 96, the limit shall be 5% less than the preceding year, which produces the following results:

OUT OF SESSION

3111 C STREET ANCHORAGE, ALASKA 99503 907-561-7610

	<u>Limit</u>	<u>Revenues</u> (Mid Case Spring 90)
FY 92	2300.0	2428.1
FY 93	2185.0	2527.2
FY 94	2075.8	2543.8
FY 95	1972.0	2537.4
FY 96	1873.4	2436.0

- There are a number of appropriations which are excluded from the limit and. General Fund exclusions include those for a disaster emergency declared by the Governor, for increases in the state's share for participation in federally mandated aid programs for low income persons above the level funded in FY 91, for a tax approved by its taxpayers (such as the fisheries enhancement tax), and general obligation debt payments.

- The limit can be exceeded by a 2/3 vote of each house.

Budget Reserve Fund

- Revenues in excess of the limit will be deposited in a budget reserve fund as will revenues from "windfalls" and settlements.

- If revenues are less than the amount which can be appropriated for that fiscal year under the Limit, funds can be appropriated from the budget reserve fund up to the limit or 25% of the fund's balance, whichever is less.

Sunset Provisions

- The expenditure limit and budget reserve fund sunset on July 1, 1996.

Projected Balance in Budget Reserve Fund

- Based on current projected revenues, the balance in the budget reserve fund at the time the provisions are repealed would be nearly *\$1.6 billion*. This does not reflect the deposit of any funds from "windfalls" which the state may receive.

For the committee's further interest, I have also included in the packet the "work sheet" which was used by a Senate "work group" in putting together the Senate Finance version of SJR 5.

Overview of CS SS SJR 5 (Finance)am

EXPENDITURE LIMIT	BUDGET RESERVE FUND
<ul style="list-style-type: none">• In FY 92, the limit is \$2.3 billion• For FY 93 through 96, appropriations subject to the limit must be 5% less than the amount appropriated the prior year, which means:<ul style="list-style-type: none">• FY 93 2185.0• FY 94 2075.8• FY 95 1972.0• FY 96 1873.4 <p>Appropriations Excluded From the Limit:</p> <ul style="list-style-type: none">• To the permanent fund• To pay permanent fund dividends• For disaster emergency declared by Governor• To the budget reserve fund• Of proceeds from a tax approved by the taxpayers• For increases in the state's share for participation in federally mandated aid programs for low income persons above the FY 91 level• For G.O. and revenue bond proceeds, principal and interest• Federal and other non-state sources of funds• Revenue of a public corporation and state program that issues revenue bonds <p>Limit Can Be Exceeded by:</p> <ul style="list-style-type: none">• 2/3 vote of each house	<ul style="list-style-type: none">• Consists of all revenues exceeding the limit• All windfalls and settlements shall be deposited in the budget reserve fund <p>If revenues are less than the Limit:</p> <ul style="list-style-type: none">• Legislature can appropriate from the budget reserve fund:<ul style="list-style-type: none">• an amount up to the limit; or• 25% of the fund's balance, whichever is less <p>Appropriations from the fund may be made:</p> <ul style="list-style-type: none">• For a disaster emergency declared by the Governor upon a 2/3 vote of each house• To the principal of the permanent fund
REPEAL	
These sections sunset on July 1, 1996.	

How CS SSSJR 5 (Fin)am Would Work: FY 92 - FY 96

	FY 92	FY 93	FY 94	FY 95	FY 96
Limit Under SJR 5	2,300.0	2,185.0	2,075.8	1,972.0	1,873.4
GF Exclusions Under SJR 5:					
<u>G.O. Debt</u>	68.2	59.7	33.9	23.1	21.5
Disasters	2.0	2.0	2.0	2.0	2.0
Fisheries Enhancement Tax	6.0	6.0	6.0	6.0	6.0
AFDC/Medicaid Growth	25.1	28.3	34.1	41.1	48.8
Total Exclusions	101.3	96.0	76.0	72.2	78.3
Total of All Appropriations	2,401.3	2,281.0	2,151.8	2,044.2	1,951.7
Revenues (1)	2,527.2	2,543.8	2,537.4	2,436.0	2,351.3
Surplus Revenues To Budget Reserve	125.9	262.8	385.6	391.8	399.6
					BRF Balance: 1,565.7

1/ Revenues are based on DOR Spring Mid Case Fall 90 forecast

Percent Reductions and Projected Revenues

	1%	2%	3%	4%	5%	Revenues Mid Case (nominal)	Revenues Mid Case (real 1989\$)	Projected Inflation
	Reduction Each Fiscal Year							
FY 92	2,300.0	2,300.0	2,300.0	2,300.0	2,300.0	2428.14	2233.56	4.75
FY 93	2,277.0	2,254.0	2,231.0	2,208.0	2,185.0	2527.16	2219.23	4.75
FY 94	2,254.2	2,208.9	2,164.1	2,119.7	2,075.8	2543.79	2132.54	4.75
FY 95	2,231.7	2,164.7	2,099.1	2,034.9	1,972.0	2537.39	2030.71	4.75
FY 96	2,209.4	2,121.4	2,036.2	1,953.5	1,873.4	2435.96	1861.14	4.56

Projected Revenues - Alaska Department of Revenue Spring 1990

	<i>Low Case</i>			<i>Mid Case</i>			<i>High Case</i>		
	Nominal \$	Real 1989 \$	Inflation Rate	Nominal \$	Real 1989 \$	Inflation Rate	Nominal \$	Real 1989 \$	Inflation Rate
FY 90	2380.86	2293.04	3.83	2504.39	2405.99	4.09	2622.89	2503.95	4.75
FY 91	2046.78	1898.93	3.81	2428.14	2233.56	4.44	2891.87	2616.81	5.50
FY 92	1967.19	1755.91	3.94	2527.16	2219.23	4.75	3068.06	2626.78	5.69
FY 93	1854.47	1592.55	3.94	2543.79	2132.54	4.75	3249.50	2632.34	5.69
FY 94	1840.28	1520.46	3.94	2537.39	2030.71	4.75	3618.72	2773.62	5.69
FY 95	1715.60	1363.71	3.94	2435.96	1861.14	4.75	3679.45	2668.34	5.69
FY 96	1615.38	1234.67	4.0	2351.30	1718.11	4.56	3809.37	2613.83	5.69
FY 97	1495.72	1099.24	4.0	2245.45	1569.21	4.56	4194.03	2722.84	5.69
FY 98	1356.43	958.53	4.0	2175.29	1453.88	4.56	4170.03	2561.50	5.69
FY 99	1230.39	836.02	4.0	2110.38	1348.98	4.56	4144.59	2408.81	5.69
FY 00	1089.02	711.50	4.0	2071.20	1266.20	4.56	4254.84	2339.76	5.69