

HJR

9

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HJR9

Revision Date: 01/29/91 Department Affected: Office of the Governor - Elections
 Title: Amend. Const. Prohibit St. Per. Inc. Tax BRU: Elections
St Ad Valorem Tax on Real Prop., St. Retl Component: II - Primary and General Elections
Sales Tax without voters Approval
 Sponsor: Representative Martin
 Requestor: State Affairs COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.2*				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2.2*				
FEDERAL FUNDS						
OTHER						
TOTAL		2.2*				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Election Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared By: Linda Edgeworth, Information Officer Phone: 465-4611
 Division: J Division of Elections Date: 01/29/91

Approved by Commissioner: Charles E. Thickett
 Agency: Division of Elections Date: 1-29-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HJR 9

House Joint Resolution No. 9 proposes an amendment to Article IX of the state's constitution which would provide that a law establishing a state tax on personal income, a state ad valorem tax on real property, or a state retail sales tax could not take effect until approved by the voters of the state. Placing this proposal before the voters in the next general election will not have a fiscal impact on the Department of Law.

REP. TERRY MARTIN

ELECTIVE DISTRICT 13
MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE



HOME
3960 REKA DRIVE-86
ANCHORAGE, AK 99508
PHONE 333-6990

DURING SESSION
P. O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE 465-3783

Alaska House of Representatives

SPONSOR STATEMENT

by Rep. Terry Martin

HJR 9 "Proposing an amendment to the Constitution of the State of Alaska prohibiting the imposition of state personal income taxation, state ad valorem taxation on real property, or state retail sales taxation without the approval of the voters of the state."

This resolution simply protects the people of Alaska from unwarranted taxation. Under current constitutional provisions, the legislature may impose a tax with a simple majority vote. HJR 9 would require an endorsement by a majority of the voters before such a tax could become effective.

Since the advent of great oil wealth, beginning in the early 1980s, the state government has grown by thousands of employees, and the state has taken on funding of many activities that are not normally considered legitimate functions of a government. While we are currently experiencing an increase in revenues over what had been anticipated before the Persian Gulf crisis began, we cannot expect continued relief from the decline of Prudhoe Bay once the war is ended.

If the Prudhoe Bay production curve comes about as projected, barring further exploration and development of Alaska's oil reserves, there will be a substantial gap between revenues and state expenditures. Unless, of course, the budget is significantly cut.

In the event the legislature in the future goes shopping for new sources of revenues, the people ought to have the final word on the imposition of those taxes. HJR 9 would provide the people their opportunity to say whether they agree that the state budget reflects their priorities to the extent that they will take further taxation upon themselves to support it.

The proposed CS was suggested by Mr. Chenoweth of Legal Services. In reviewing the original, he determined it did should have a mechanism in it to execute the vote.

Thank you for considering this resolution. I encourage your support of it as a means of returning power to the people.



BRIEF SECTION ANALYSIS

HJR 9 - Voter approval of new taxes

Section 1 amends Article IX of the state constitution (Finance and Taxation) by adding a new sentence that would prohibit the imposition of a personal income tax, a statewide property tax or a statewide sales tax without a vote of the people.

Section 2 provides standard language to put the constitutional amendment proposed by this resolution before the voters for their approval at the next occurring general election.

REP. TERRY MARTIN

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MOUNTAIN VIEW
RUSSIAN JACK SPRINGS
NUNAKA VALLEY
ELMENDORF A.F.B.
CREEKSIDE
EAST ANCHORAGE



HOME
3960 REKA DRIVE-B6
ANCHORAGE, AK 99508
PHONE 333-6990

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PHONE 465-3783

Alaska House of Representatives

MEMORANDUM

To: Rep. Gene Kubina, Chairman
House Committee on State Affairs

From: Rep. Terry Martin *TMM*

Date: February 5, 1991

Subject: Request for hearing

In accordance with your memorandum of January 22, I am requesting that you schedule HJR 9 for a committee hearing as soon as you can. This resolution proposes an amendment to the state constitution that would require a vote of the people before imposition of a state personal income tax, a state ad valorem taxation on real property or a state retail sales tax.

Attached to this request are the following:

- 1) Sponsor's statement
- 2) A sectional analysis
- 3) Fiscal note from the division of elections
- 4) Proposed committee substitute
- 5) Background research

Thank you for your expeditious attention to this request.





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 *M.T.*
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, none 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
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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 initiative.

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	1976	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 .95
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.

FISCAL NOTE

BILL NO. HJR 9

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 01/13/92 Department Affected: Office of the Governor-Elections
 Title: Amendment to the Constitution RE: Voter Approval for New Taxes BRU: Division of Elections
 Component: II-Primary and General Elections
 Sponsor: Representative Martin
 Requestor: House State Affairs

COMPONENT SERIAL NO.

0	0	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	2.2*	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared by: Elizabeth Ziegler, Deputy Director Phone: 465-4611
 Division: Elections Date: 01/13/92

Approved by Commissioner: *Wesley L. Richardson*
 Agency: Office of the Governor Date: 01-13-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).