

SJR

23

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To	Sen. Menard	From	H. Springer
Co.		Co.	AGC
Dept.		Phone #	
Fax #	465-3756	Fax #	

**ASSOCIATED GENERAL CONTRACTORS OF ALASKA**

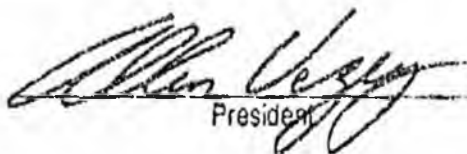
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**A RESOLUTION OF THE ASSOCIATED GENERAL CONTRACTORS OF ALASKA REQUESTING THE ALASKA STATE LEGISLATURE TO PASS A RESOLUTION TO PUT THE 1992 GENERAL ELECTION BALLOT A CONSTITUTIONAL AMENDMENT TO DEDICATE TRANSPORTATION USER FEES TO TRANSPORTATION SERVICES**

- WHEREAS, fluctuating oil prices create instability in budgets which are dependent on oil revenues, and
- WHEREAS, stability is needed for a proper management of capital assets and for industry to be prepared to manage those assets, and
- WHEREAS, oil production from Prudhoe Bay is expected to decrease, and as a result, the State's oil revenues will also decrease, and
- WHEREAS, the State's transportation systems are too important to Alaska's economic vitality to be subject to this downturn in revenues, and
- WHEREAS, the costs of maintenance and repair brought on by use of the transportation system should be paid by users of the system, and
- WHEREAS, user fees are the most equitable and fair, and therefore the most reasonable source of funding for expenses related to the Alaska transportation system, and
- WHEREAS, dedicated user fees are needed to ensure that these fees go to transportation services and create the connection which will allow adjustments to the levels of revenues being collected, based on needs, and
- WHEREAS, the dedicating of user fees in the State of Alaska requires that voters approve an amendment to the Constitution,

NOW, THEREFORE, BE IT RESOLVED by the Associated General Contractors of Alaska that it requests the Legislature to pass a resolution to put on the 1992 general election ballot a Constitutional Amendment to dedicate transportation user fees to transportation services.

PASSED AND ADOPTED BY AGC OF ALASKA ON THIS 10TH DAY OF FEBRUARY, 1992.

  
 President



April 30, 1991

## Position Paper

### SJR 23 - Transportation Fund

The Alaska Municipal League supports the purpose behind SJR 23; to ensure that Alaska's transportation system is adequately maintained. SJR 23 proposes that the Constitution be amended to allow that fees and taxes on fuel be dedicated to the maintenance and operation, as well as the construction, of transportation facilities. The AML requests that the resolution be amended to include that an equitable portion of the funds be returned to local governments for transportation purposes.

An adequate transportation system is critical to the economic and community development of the State. The origin and destination of most traffic, whether by surface, air or water, are the municipalities around the State. The majority of the fuel is purchased in municipalities. And, the network of transportation facilities within municipalities is a critical link in the State's transportation system.

While the majority of the State's transportation system is built and maintained by the State of Alaska, some of the system is built and/or maintained locally. The responsibility for local transportation system improvements and maintenance will undoubtedly increase as general state financial assistance to municipalities continues to decline. In order to provide funds for local improvements and maintenance and to gain additional support for the Constitutional amendment, the AML requests that SJR 23 be amended to provide for an equitable sharing in the dedicated funds. An equitable share to be returned to local governments, whether based on road miles, airport activity etc., can be determined upon implementation at a later date.

AML requests the following amendment on Page 1, line 15:

"...by law, shall be placed in a transportation fund. The transportation fund shall be used for the maintenance of all state-maintained Class 1, Class 2 and Class 3 roads in existence as of January 1, 1990, regardless of future ownership or maintenance responsibility. In addition, all municipal and state-owned airports and harbors, as well as the Alaska Marine Highway System, shall share equitably in the fund. The legislature may appropriate from the fund..."

sab6:tranfund

DEDICATED FUNDS - THE CONSTITUTIONAL CONVENTION DEBATE - PRO & CON  
abstracted by Dr. Joe Sonneman, Esq.

IN FAVOR OF DEDICATED FUNDS

Delegate Marston (2370): [W]e pay lots of taxes, gas tax [in Spenard], and they are happy dollars ... because we are going to get roads out there.... We have happy dollars in that treasury because it is earmarked for roads and happy dollars are the best kind of dollars and there will be more dollars in there.

Delegate Peratovich (2369): There are some benefits from [dedicated funds]. ... [At least three] school houses [were built with] funds from a cigarette tax. [Small communities' little airstrips, floats, and little strips of roads were built] on the gas tax. ... Now I do not say that we should go over-board and earmark all the revenue that we take in ... but I think we are going to have to realize that there is some good derived from such a program.

AGAINST DEDICATED FUNDS

Delegate Awes (\_\_\_\_): [E]armarking is one of those things that grows and grows and never dies....

(2368) In theory I think that earmarking is bad.

It is inefficient, undoubtedly, because it deprives the legislature of that adaptability you get when you take a certain amount of money with no strings attached and allocate it without limitations. I think inefficiency is one of the big arguments against earmarking.

I think the other [big argument against earmarking] is that eventually you get so many funds earmarked that the legislature just does not have the money to work with for current operating expenses. ...

[Although the] argument is often given ... that it is easier to pass along [the cost of] a new tax if you allow earmarking[,] ... [the

Committee felt ..., after seeing the extent to which earmarking is growing in the states and the impossibility of doing away with earmarking once you get it, that the advantage is weighed in favor of limiting earmarking and that is [why] ... we adopted the provision that we did.

Delegate Gray (2367): [If the legislature automatically appropriates the same amount, but] doesn't earmark it[, agencies would have a talking point for the next appropriation to be the same also. They haven't been precluded, they just have to sell their viewpoint to the legislature and if they need the money, why they probably could get it if they could talk them into it.

Delegate White (2367): They have to sell their viewpoint [to the legislature] along with everyone else.

(2364): If you accept the principle of not earmarking, it puts everyone in the same position and that the legislature will then be in the position being able to decide each case on its merits.

If you ... allow for earmarking or start drawing up all the exceptions that everybody would want to have drawn up, you are then back to the situation that most states now find themselves in, where an ever-increasing percentage of their revenues are earmarked for special purposes and an ever-decreasing amount is available to the general fund.

... [In] Texas ..., where 90 per cent of all their funds are earmarked[,] ... the legislature has only 10 per cent left to work with ... and the legislature loses control that it should have over the workings of state government.

(2415) [I]f the end product [of a dedicated fund] is good and desirable it is perfectly reasonable to assume that future legislatures will

see it the same way and will appropriate sufficient funds to carry out the programs....

**Delegate Hermann (2409):** [The real evil inherent in earmarking is that it so often leaves the general fund short of funds on which to operate.

(2383) Alaska has a potential of such magnitude that its future cannot be reasonably predicted by anyone. I should hate very much to see [funds constitutionally dedicated] because I very strongly feel that [they] are not going to be necessary as earmarked funds for too long ....

**Delegate Poulsen (2408):** [If you strike [the prohibition against dedicated funds] there will be more and more earmarking. It can become a political issue. People will ... [say] if you vote for me, I'll see to it that this is earmarked for a swimming pool, or some such thing.

**Delegate McCutcheon (2408):** [The earmarking of funds is the fashion in which higher taxes are foisted upon segments of industry or the public. ... [But] it is not a matter of good fiscal arrangements to be taxing segments or classifications of our society or industry for special purposes at higher rates than should be charged or properly assessed....

**Delegate Barr (2407-08):** In Colorado, approximately 90 per cent of the tax collections are earmarked. In Texas, 85 per cent[.] Kansas has over 140 dedicated funds which embrace over 80 per cent of the state's revenue. ... [O]nce it's earmarked, it's frozen. ... [I]f you want a fight on your hands, just try to get [an earmarked fund] unearmarked. ... [A]ll you have to do is earmark another fund and it will never be unearmarked. ... [W]e will end up like poor old Texas and Colorado.

(2370-71) When the final appro-

priation bill comes out it is a compromise between the requests of all the different departments. I am sure [the legislature] would never appropriate a large amount for a certain department if it were more needed in some other department. They always take that into account.

**Delegate Nordale (2406):** [It is a very difficult thing to unearmark funds once they're set that way because your lobby groups are very powerful....

NOTE: (numbers) = Con.Conv. pages  
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Dedications also shift budget control away from the Governor and the Legislature

1) even though formula funding has already diminished governmental control over state budgets

2) even when emergencies such as an Anchorage earthquake or a Fairbanks flood will require other spending patterns,

3) even when the public changes its mind about what it wants done,

4) even when a new Governor takes office with different plans,

even though the ability to shift funding between Departments and sectors is very much what the Legislature and Governor are elected to do. So dedications are anti-democratic.

A democratic people should be able to petition the Government for redress of their grievances. Dedications make the people's ability to change events impossibly more difficult than is already the case.

--Joe Sonneman, Ph.D., J.D.,  
Public Interest Lobbyist  
324 Willoughby, Juneau 463-2624

# FY/90 REVENUE FLOW COMPARISON

## ESTIMATED REVENUES

Highway Fuels	\$25,389,810
Aviation Fuels	5,072,167
Marine Fuels	8,966,482
License Fees	21,263,136
Airport Facilities	<u>1,942,400</u>
	<b>\$62,633,995</b>



Municipal Share



\$136,684

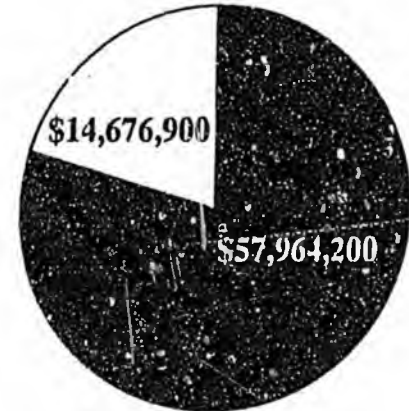


TRANSPORTATION FUND



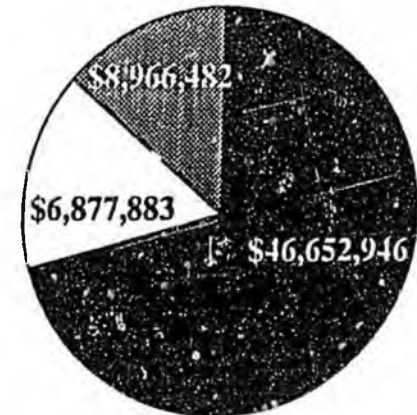
- Highways
- Aviation
- Marine

Actual M&O Expenditures  
by Mode  
\$72,673,400



\*\$32,300 for Marine too small to show on graph

Projected M&O Expenditures With  
Dedicated Fund by Mode  
\$62,497,311



FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SJR 23

Revision Date: 4/8/91 Department Affected: Office of the Governor/Elections  
 Title: Amend. to the Const./Create a BRU: Division of Elections  
Transportation Fund Component: II - Primary and General Elections  
 Sponsor: Senator Jones  
 Requestor: Transportation COMPONENT SERIAL NO. 

0	0	2	2
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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: Elizabeth Ziegler, Deputy Director Phone: 465-4611  
 Division: Elections Date: 4/8/91  
 Approved by Commissioner: *Charles E. Hickstein*  
 Agency: Division of Elections Date: 4/8/91

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

**FISCAL NOTE**

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SJR 23

Revision Date: April 25, 1991  
 Title: Proposing amendments to the Constitution of the State of Alaska creating a transportation fund  
 Sponsor: Senator Jones  
 Requestor: \_\_\_\_\_

Department Affected: Revenue  
 BRU: Revenue Operations  
 Component: Treasury Management

Component Serial No.

	1	2	1
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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				5.0	5.0	5.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	5.0	5.0	5.0

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)


GENERAL FUND						
FEDERAL FUNDS						
OTHER: Transportation Fund				5.0	5.0	5.0
<b>TOTAL</b>	0	0	0	5.0	5.0	5.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: Assumes an independent audit beginning in FY 95 for FY 94, the first year of funding. Contractual requirements may be more if fund accumulates substantial money requiring investment related fees.

Prepared by: Brian C. Andrews 

Phone: 465-2350

Division: Treasury

Date: April 25, 1991

Approved by Commissioner: 

Agency: Revenue

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