

HCR

23

ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

March 24, 1999

M E M O R A N D U M

TO: Representative Andrew Halcro, Co-Chair
Representative John Harris, Co-Chair
House Community and Regional Affairs Committee

FROM: Representative Gary Davis 

RE: Request for Hearing on House Joint Resolution 23, *"Proposing amendments to the constitution of the State of Alaska relating to the community development fund, the permanent fund, and the budget reserve fund"*

Please schedule a committee hearing on the House Joint Resolution 23 at your earliest convenience. Attached are the following materials for inclusion in the committee packet:

- Sponsor Statement
- Sectional Analysis
- Affected Constitutional Provisions

I would also like to request that this hearing be teleconferenced to various sites across the state.

Thank you for your consideration of this request. If you have any questions or would like additional information, please contact Deb Davidson of my staff. Prior to the committee hearing, I will be forwarding information to your staff regarding financial projections pertaining to the legislation.

Attachment



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

HOUSE JOINT RESOLUTION 23

SPONSOR STATEMENT

"Proposing amendments to the Constitution of the State of Alaska relating to the community development fund, the permanent fund and the budget reserve fund"

HJR 23 proposes a constitutional amendment creating a dedicated fund for payments to municipalities within the state. Principal will be invested to yield competitive market rates and the fund's income will be distributed annually to municipalities. Fund principal will consist of an initial \$750 million from the Budget Reserve Fund, with 2 percent of the Permanent Fund's income added to the principal for the next 20 years. As the principal of the fund increases, so too will earnings, and thus payments to communities. As payments increase, local taxes may decrease providing more money to individuals without a decrease in local services.

Local governments have individualized needs in addition to providing basic services. They do not always have sufficient land, economic or tax bases to provide the necessary funding; nor can the state continue to give it to them. With oil production decreasing, there is less general fund money available to the state. As revenues diminish, the state cannot provide adequate sustainable funding to local governments to meet their service demands.

A dedicated fund provides more funding reliability to local governments. Paying communities the income earned from the fund allows them to better estimate what they will receive. This provides a more stable and predictable stream of revenues to plan and provide services. It also gives more local control over priorities and services. With local government receiving funds directly, residents have the opportunity to be more knowledgeable about how the funds are used and able to provide more input on how they should be spent. Local governments will answer to their citizens for the way in which it is spent. The state can then concentrate its efforts on statewide programs and support directed more to specific or specialized needs.

This also strengthens the argument that the Permanent Fund and its proceeds are used for the public's purpose and are thus eligible to retain the federal tax-exempt status. The Permanent Fund was created as a public trust, the proceeds from which were to be used for a public purpose. The principal came from resource assets received at statehood because Congress did not believe Alaska could meet its collective needs from taxes alone. Dedicating a portion of the income to communities reiterates the argument that the state fulfills the public purpose by using "income from a collective asset to meet collective needs." Citizens' approval of the dedication by a majority vote reinforces that the public believes in the purpose for which it is to be used.

HJR23/SS/03/95/99

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3 :

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 11, 1999

SUBJECT: Community Development Fund (HJR 23)

TO: Representative Gary Davis
Attn: Deb Davidson

FROM: Tamara Brandt Cook
Director *TBC*

Here is the sectional summary you requested of a resolution proposing amendments to the state constitution.

Sec. 1. The community development fund is established as a separate fund in the state treasury. Money in the fund is to be invested. Appropriations may be made to the fund, but the principal of the fund may not be appropriated. Income of the fund must be distributed to municipalities as provided by law.

Sec. 2. Within 30 days after the effective date of the constitutional amendment establishing the community development fund, \$750 million or the balance in the budget reserve fund, whichever is less, shall be transferred from the budget reserve fund to the new community development fund. Two percent of the income of the permanent fund earned in fiscal year 2001 and in each fiscal year after shall be transferred to the community development fund. Transfers of permanent fund income end after fiscal year 2020. No distributions from the community development fund may be made before July 1, 2002.

Sec. 3. The proposed amendment will be placed on the ballot during the 2000 general election.

TBC:lmb
99-027.lmb

Constitution of Alaska
Article IX, Sections 7 and 13

Section 7. Dedicated Funds. 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.

Cross references. — For an exception to the prohibition against dedicated funds, see § 15 of this article which establishes the permanent fund.

Effect of amendments. — The amendment effective February 21, 1977 (9th Legislature's SCS CSSHJR 39 (Res) am S (1976)) inserted "as provided in section 15 of this article or" in the first sentence.

Opinions of attorney general. — Among the reasons such a prohibition, as is found in this section, was recommended are the following: (1) flexibility of budgeting; (2) financial control; and (3) lack of relationship between the tax and purpose. 1959 Op. Att'y Gen. No. 7.

Delegates to the constitutional convention were desirous of eliminating dedications so that the legislature would have the greatest flexibility in allocating tax revenues on a basis of need. 1959 Op. Att'y Gen. No. 7.

A dedication encompasses (1) proceeds or part of the proceeds of a tax or license (2) set aside at a certain rate (3) for a particular purpose. 1959 Op. Att'y Gen. No. 7.

As a matter of compromise, a grandfather clause was included in this section to permit all dedications existing on the date of ratification of the constitution (April 24, 1956) to continue. 1959 Op. Att'y Gen. No. 7.

The intent of the drafters of the state constitution was to permit the continuance of existing dedications at the then existing rates until the legislature saw fit to exercise the only power retained in relation to them: That is, the power to repeal. 1959 Op. Att'y Gen. No. 7.

This section had two interrelated purposes: (1) to prevent any future dedication of revenues for special purposes, and (2) to prevent the creation of new special funds separate from the general fund. May 2, 1975 Op. Att'y Gen.

This section of the state constitution can be given its intended effect and serve its repeatedly expressed purpose only if the words "proceeds of any tax or license" are interpreted to mean what their framers clearly intended, i.e., the sources of any public revenues. May 2, 1975, Op. Att'y Gen.

The dedication of any source of public revenue: tax, license, rental, sale, bonus-royalty, royalty, or whatever, is limited by the state constitution to those existing when the constitution was ratified or required for participation in federal programs. May 2, 1975 Op. Att'y Gen.

The real concern at the constitutional convention was about earmarked funds, not taxes or licenses, but funds. May 2, 1975 Op. Att'y Gen.

Dedication of the revenues from the lease or sale of state natural resources offends the state constitutional prohibition against dedicated funds. May 2, 1975 Op. Att'y Gen.

The practice of appropriating to a separate fund an amount to be ascertained by reference to receipts from a specified source does not violate the dedication prohibition of the constitution. November 30, 1982 Op. Att'y Gen.

Language of this section prohibiting dedication of proceeds of any state tax or license must be read as embodying certain implied exceptions, specifically

Section 13. Expenditures. No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Opinions of attorney general. — This provision gives the legislature total and absolute power over the expenditure of state funds. February 28, 1977 Op. Att'y Gen.

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Only rarely can an appropriation for state expenses

be spent before the effective date of the law containing the appropriation. August 7, 1983 Op. Att'y Gen.

The Alaska Safety Advisory Council (ASAC) cannot legally spend program receipts without going through the state budgetary or other administrative process. By statute, program receipts must be deposited with the Department of Revenue. Authority to receive and expend funds for a state agency must be through legislative appropriation. ASAC is a state body and the purchase of goods and services by the ASAC must conform with the State Procurement Code. January 4, 1991, Op. Att'y Gen.

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK. 99801-1182

COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

REPRESENTATIVE ANDREW HALCRO, REPRESENTATIVE JOHN HARRIS, CO-CHAIRMEN

STATE CAPITOL, ROOM 418

JUNEAU, ALASKA 99801-1182

(907) 465-3882

AGENDA

MAY 4, 1999

1. Call Meeting To Order
2. Call Roll
 - a. Murkowski
 - b. Joule
 - c. Dyson
 - d. Morgan
 - e. Kookesh
 - f. Harris
 - g. Halcro
 - h.
3. HB 215 - Appropriation: Renter's Equivalency Rebate Program
 - a. Representative Ethan Berkowitz - Sponsor
 - b. Public Testimony
4. HJR 23 - Community Development Fund (Second Hearing)
 - a. Representative Gary Davis - Sponsor
 - b. CS - D Version
5. Motion to Adjourn




ALASKA STATE LEGISLATURE

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HJR 23
Community Development Fund Constitutional Amendment

Part of a State-Local Long Range Fiscal Plan:

- In two years it would eliminate General Funds for the Safe Communities, State Revenue Sharing, and Capital Matching Grants. ✓
- It would ensure stronger local governments, reverse the trend to dissolve municipalities, and encourage new municipalities to form.]
- A Community Development Fund would form a vehicle for transitioning additional state service responsibilities to local governments. The biggest problem now in accepting additional responsibilities from the state is that the State cannot commit funding beyond one year.

Would a Community Development Fund fit into a plan like the "All-Alaska" Plan?

- Yes, the "Alaska Plan" is an endowment. The creation of a Community Development Fund would simply be a separate part of that endowment to:
 1. Ensure local taxpayers that they will be able to continue receiving critical basic services.
 2. Create a vehicle to gradually transfer more service responsibilities to local governments where they can be delivered more efficiently and with full control by local citizens.
- A Community Development Fund would not reduce the ability to balance the state budget because it transfers revenue and current state expenses.
- A Community Development Fund would enhance a long-range fiscal plan because it furthers the goal of reducing the size of state government, increases efficiency, and evolves stronger local governments that provide more local service.

Example: Currently there are separate state and local road maintenance crews in many communities. Local governments cannot negotiate with the state to consolidate road maintenance under local control because historically the state has not been able to commit funds beyond one year. A Community Development Fund would allow a stable source of funding for road maintenance consolidation under local governments.

Example of a \$1.077 Billion Long Range State-Local Fiscal Plan

Every Alaskan is **both**: a state citizen and taxpayer; **AND** a local citizen and taxpayer. A true Alaska Long-range Fiscal Plan cannot exist unless it also considers local government services and taxes. Below is an example of a State-Local Plan that increases local responsibility and considers how much Alaskans must pay in state **and** local taxes and fees. **Local Government services and taxes must be considered in any true Long-range Fiscal Plan!**

(in millions of dollars)	State GF Reduction	Municipal Share
Budget Plan similar to All-Alaska Plan -		
Use of PF Earnings for schools+school tax -	(\$850)	\$0
Income Tax as % of Federal	(\$100) -	\$0
Harbor Transfer to Municipalities -		
Increase Marine Fuel Tax to \$.10/gal	\$0	\$7
Local Maintenance/Repairs to harbors		(\$7) -
Airport Maintenance and Operation		
Statute to allow state to collect landing fees and Increase in Aviation Fuel Tax (state operation or incentive for transfer to municipalities)	(\$14)	\$0
Eliminate \$68 million State GF to:		
Safe Communities/ Revenue Sharing	(\$48)	(\$48)
and Municipal Capital Matching Grants	(\$20)	(\$20)
AND replace State GF with:		
Motor Fuel Tax Increase for Alaska's Roads and Highways (increase to \$.21/gal) - shared with municipalities based on % of total miles and average cost of maintenance by class of road (total increase \$42)	(\$22)	\$20
Alcohol Tax (\$.10/drink) - 50% for municipal alcohol impacts (total increase \$20)	(\$10)	\$10
Community Development Fund capitalized at \$750 million, plus 2% PF earnings per year	\$0	\$50
Increase <u>minimum</u> revenue sharing to \$60,000/year	\$0	\$0
Transfer of service responsibility to municipalities (Class III roads, public safety, etc.)	(\$13)	(-\$13)
Net State GF Increase/ (decrease) (in Billions of \$)	(\$1.077)	\$0**

****NO NET REVENUE INCREASE FOR LOCAL GOVERNMENTS**

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Rep. Andrew Halcro, Co-Chair
Rep. John Harris, Co-Chair
Rep. Carl Morgan
Rep. Lisa Murkowski
Rep. Fred Dyson
Rep. Reggie Joule
Rep. Al Kookesh

State Capitol, Room 418
Juneau, Alaska
99801-1182
(907) 465-4939
Fax (907) 465-2418



COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE

ADDITIONAL MATERIALS
FOR

HJR 23

MAY 4, 1999




ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

MEMORANDUM

April 29, 1999

TO: Representative Andrew Halcro, Co-Chair
Representative John Harris, Co-Chair
Representative Fred Dyson
Representative Carl Morgan
Representative Lisa Murkowski
Representative Reggie Joule
Representative Albert Kookesh

FROM: Representative Gary Davis 

RE: HJR 23, Community Development Fund

Several questions came up during the April 8 Community and Regional Affairs Committee meeting on HJR 23. Specifically, the committee requested additional information on the following: 1) will unincorporated communities be eligible to receive money from the fund; 2) how will the fund be invested and who will administer it; and 3) what is the projected distribution schedule. These questions and my initial intentions regarding the resolution are addressed in order below.

Unincorporated Communities Eligibility to Receive Funds

I understand that a draft committee substitute will be offered clarifying that the fund earnings shall be distributed to "some or all of the following: organized boroughs, cities, and unincorporated communities in the unorganized borough," as provided by law. This change will allow unincorporated communities as well as municipalities to receive funds, but leaves the actual distribution scheme to the discretion of the legislature.

How Will the Fund be Invested and Who Will Administer It

Unless otherwise provided for in law, the commissioner of revenue is responsible for the investment and administration of state funds. These funds are invested according to the principles set out in AS 37.10.071 and other provisions as set out for the fund. In this instance, the Community Development Fund would be invested to yield competitive market rates to the fund (this is the same language as that contained in the constitutional provision establishing the Constitutional Budget Reserve Fund).

Representative Davis

April 29, 1999

Page 2

The legislature could, in the years following the adoption of this amendment, enact legislation forming an investment board similar to the Permanent Fund Corporation, the Alaska State Pension Investment Board, the Alaska Mental Health Trust Authority, or any of the other state investment boards. If this were to occur, I envision the board would include representatives of the Alaska Municipal League or individual municipalities.

For the purpose of deciding whether or not to create the Community Development Fund, I prefer working on the premise that the Department of Revenue would act as the fund administrator. This enables us to obtain information on the investment principles currently in use and calculate fund projections using a variety of scenarios.

How will the Fund Earnings be Distributed

I intend for the earnings from the Community Development Fund to be distributed with no restrictions. Each local government will individually decide on the best ways to use the fund they receive. I envision the distribution formula consisting of two calculations. The first calculation would be on a purely per capita basis, recognizing that the more people there are in a municipality, the more services are required to be provided. The second calculation would be based geographically, perhaps taking into account the number of square miles of land receiving municipal services. This recognizes the fact that it is more expensive to provide over large tracts of land than it is within a compact area.

There are a variety of distribution options available to the legislature. I hesitate to put forward a specific plan of distribution for fear of overshadowing the discussion of whether or not to create a fund with a debate on the best way in which to distribute funds in the event HJR 23 was approved by voters. Additionally, this gives the specific formula options the flexibility to meet future needs and goals.

I hope this memorandum answers the questions to your satisfaction. If you would like further information, please contact Deb Davidson with my staff. Additionally, my office is willing to request distribution options and projected payments to local governments based on your specific scenarios.

As I stated in committee, my purpose in bringing forth this legislation is to discuss the advisability and viability of this type of fund. I believe that this is a responsible use of Permanent Fund earnings that can provide a more stable revenue stream for local governments. I believe it is best to leave the actual mechanics of the investment and distribution of the fund to a later date so that we can focus on one issue at a time. The legislature in partnership with local governments could develop a fair and equitable plan for the distribution of the earnings within the 2-year window given in this legislation.

1-LS0573VD
Cook
4/8/99

**CS FOR HOUSE JOINT RESOLUTION NO. 23(CRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION**

BY THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE DAVIS

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to the**
2 **community development fund, the permanent fund, and the budget reserve fund.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1. Article IX, Constitution of the State of Alaska, is amended by adding a new**
5 **section to read:**

6 **Section 18. Community Development Fund. (a) There is established as a**
7 **separate fund in the State treasury the community development fund. Appropriations**
8 **may be made to the principal of the fund, but the principal of the fund may not be**
9 **appropriated. Money in the community development fund shall be invested so as to**
10 **yield competitive market rates to the fund. Income of the fund shall be retained in the**
11 **fund until it is distributed under (b) of this section. Section 7 of this article does not**
12 **apply to appropriations or other deposits made to the fund or to income retained in the**
13 **fund.**

14 **(b) At the end of each fiscal year, income from the community development**
15 **fund shall, as provided by law, be distributed to some or all of the following:**
16 **organized boroughs, cities, and unincorporated communities in the unorganized**

1 borough. The appropriation requirement in Section 13 of this article does not apply
2 to distributions under this subsection.

3 * Sec. 2. Article XV, Constitution of the State of Alaska, is amended by adding a new
4 section to read:

5 **Section 30. Transitional Provisions Relating to the Community**
6 **Development Fund.** (a) Within thirty days after the effective date of the 2000
7 amendment establishing the community development fund (art. IX, sec. 18), seven
8 hundred fifty million dollars or the balance in the budget reserve fund, whichever is
9 less, shall be transferred from the budget reserve fund (art. IX, sec. 17) to the principal
10 of the community development fund.

11 (b) Notwithstanding provisions relating to income of the permanent fund in
12 Section 15 of Article IX, two percent of the income of the permanent fund earned in
13 fiscal year 2001 and in each fiscal year thereafter shall be transferred to the principal
14 of the community development fund. Transfers to the community development fund
15 under this subsection shall end after the transfer of income earned in fiscal year 2020
16 is made.

17 (c) Notwithstanding provisions relating to distribution of income from the
18 community development fund in Section 18(b) of Article IX, distributions may not be
19 made before July 1, 2002.

20 * Sec. 3. The amendments proposed by this resolution shall be placed before the voters of
21 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
22 State of Alaska, and the election laws of the state.




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Page 2

The legislature could, in the years following the adoption of this amendment, enact legislation forming an investment board similar to the Permanent Fund Corporation, the Alaska State Pension Investment Board, the Alaska Mental Health Trust Authority, or any of the other state investment boards. If this were to occur, I envision the board would include representatives of the Alaska Municipal League or individual municipalities.

For the purpose of deciding whether or not to create the Community Development Fund, I prefer working on the premise that the Department of Revenue would act as the fund administrator. This enables us to obtain information on the investment principles currently in use and calculate fund projections using a variety of scenarios.

How will the Fund Earnings be Distributed

I intend for the earnings from the Community Development Fund to be distributed with no restrictions. Each local government will individually decide on the best ways to use the fund they receive. I envision the distribution formula consisting of two calculations. The first calculation would be on a purely per capita basis, recognizing that the more people there are in a municipality, the more services are required to be provided. The second calculation would be based geographically, perhaps taking into account the number of square miles of land receiving municipal services. This recognizes the fact that it is more expensive to provide over large tracts of land than it is within a compact area.

There are a variety of distribution options available to the legislature. I hesitate to put forward a specific plan of distribution for fear of overshadowing the discussion of whether or not to create a fund with a debate on the best way in which to distribute funds in the event HJR 23 was approved by voters. Additionally, this gives the specific formula options the flexibility to meet future needs and goals.

I hope this memorandum answers the questions to your satisfaction. If you would like further information, please contact Deb Davidson with my staff. Additionally, my office is willing to request distribution options and projected payments to local governments based on your specific scenarios.

As I stated in committee, my purpose in bringing forth this legislation is to discuss the advisability and viability of this type of fund. I believe that this is a responsible use of Permanent Fund earnings that can provide a more stable revenue stream for local governments. I believe it is best to leave the actual mechanics of the investment and distribution of the fund to a later date so that we can focus on one issue at a time. The legislature in partnership with local governments could develop a fair and equitable plan for the distribution of the earnings within the 2-year window given in this legislation.

Table 1
HJR 23: Community Development Fund
Deposits, Earnings and Distributions
FY 00 - FY 21 (in millions)

End of	Without Inflation Proofing				With Inflation Proofing of 3 percent				
	Community Development Fund Principal	Deposit to Principal	Total Earnings	Available for Distribution	Community Development Fund Principal	Deposit to Principal	Total Returns	Inflation Proofing	Available for Distribution
FY 00	750	750			750	750			
FY 01	845	37	58		845	37	58	23	
FY 02	832	38	65	117	880	38	65	25	69
FY 03	875	40	64	61	950	40	68	26	38
FY 04	921	42	68	64	1024	42	74	28	41
FY 05	968	44	71	67	1103	44	79	31	44
FY 06	1018	46	75	71	1186	46	85	33	48
FY 07	1071	48	79	75	1275	48	92	36	51
FY 08	1126	50	83	78	1369	50	99	38	55
FY 09	1183	53	87	83	1469	53	106	41	59
FY 10	1243	55	92	87	1574	55	114	44	64
FY 11	1306	58	96	91	1685	58	122	47	68
FY 12	1371	60	101	96	1803	60	131	51	73
FY 13	1440	63	106	101	1927	63	140	54	78
FY 14	1512	66	112	106	2059	66	149	58	83
FY 15	1586	69	117	111	2198	69	160	62	89
FY 16	1665	72	123	116	2344	71	170	66	95
FY 17	1746	75	129	122	2499	75	182	70	102
FY 18	1831	78	135	128	2662	78	194	75	108
FY 19	1920	81	142	134	2835	81	206	80	115
FY 20	2013	85	149	141	3016	85	220	85	123
Total				1849				973	1403

Source: Department of Revenue

Assumptions

All transfers into the CDF happen at the end of the fiscal year

Transfers earn no money the year they are transferred into the Community Development Fund

Withdrawals from the Community Development Fund happen at the end of fiscal year 02

2 percent of the realized income is transferred from the Permanent Fund to the Community Development Fund beginning in FY 01.

Table 2

HJR 23: Community Development Fund

Effect on Earnings Reserve Account Balance and Amounts Available for Permanent Fund Dividend
FY 00 - FY 21 (in millions)

End of	Earnings Reserve Account Balance			Amount Available for Permanent Fund Dividends		
	Currently	With 2% of PF Earnings to CDF	Difference	Currently	With 2% of PF Earnings to CDF	Difference
FY 00	2,288	2,288	0	1,074	1,074	0
FY 01	2,452	2,415	-37	1,082	1,082	0
FY 02	2,681	2,604	-77	1,069	1,069	0
FY 03	3,030	2,911	-119	1,007	1,006	-1
FY 04	3,446	3,280	-166	1,012	1,011	-1
FY 05	3,893	3,676	-217	1,057	1,055	-2
FY 06	4,375	4,102	-273	1,106	1,103	-3
FY 07	4,887	4,555	-332	1,160	1,154	-6
FY 08	5,431	5,035	-396	1,216	1,209	-7
FY 09	6,008	5,542	-466	1,275	1,266	-9
FY 10	6,620	6,080	-540	1,337	1,326	-11
FY 11	7,269	6,648	-621	1,401	1,387	-14
FY 12	7,956	7,249	-707	1,467	1,451	-16
FY 13	8,683	7,883	-800	1,536	1,516	-20
FY 14	9,451	8,551	-900	1,607	1,584	-23
FY 15	10,267	9,260	-1,007	1,681	1,655	-26
FY 16	11,128	10,008	-1,120	1,758	1,728	-30
FY 17	12,037	10,794	-1,243	1,838	1,804	-34
FY 18	12,999	11,626	-1,373	1,921	1,883	-38
FY 19	14,015	12,501	-1,514	2,008	1,965	-43
FY 20	15,089	13,427	-1,662	2,098	2,050	-48

Source: Department of Revenue

Assumptions

All transfers into the CDF happen at the end of the fiscal year

Transfers earn no money the year they are transferred into the Community Development Fund

Withdrawals from the Community Development Fund happen at the end of fiscal year 02

2 percent of the realized income is transferred from the Permanent Fund to the Community Development Fund beginning in FY 01.

HOUSE JOINT RESOLUTION NO. 23
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE DAVIS

Introduced: 3/5/99

Referred: Community and Regional Affairs, Judiciary, Finance

A RESOLUTION

1 **Proposing amendments to the Constitution of the State of Alaska relating to the**
2 **community development fund, the permanent fund, and the budget reserve fund.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** Article IX, Constitution of the State of Alaska, is amended by adding a new
5 section to read:

6 **Section 18. Community Development Fund.** (a) There is established as a
7 separate fund in the State treasury the community development fund. Appropriations
8 may be made to the principal of the fund, but the principal of the fund may not be
9 appropriated. Money in the community development fund shall be invested so as to
10 yield competitive market rates to the fund. Income of the fund shall be retained in the
11 fund until it is distributed under (b) of this section. Section 7 of this article does not
12 apply to appropriations or other deposits made to the fund or to income retained in the
13 fund. *Sec. 7 is prohibition of dedicated funds*

14 (b) At the end of each fiscal year, income from the community development
15 fund shall be distributed to organized boroughs and cities as provided by law. Section
16 13 of this article does not apply to distributions under this subsection.

Sec. 13 provides limitations on expenditures

1 * **Sec. 2.** Article XV, Constitution of the State of Alaska, is amended by adding a new
2 section to read.

3 **Section 30. Transitional Provisions Relating to the Community**
4 **Development Fund.** (a) Within thirty days after the effective date of the 2000
5 amendment establishing the community development fund (art. IX, sec. 18), seven
6 hundred fifty million dollars or the balance in the budget reserve fund, whichever is
7 less, shall be transferred from the budget reserve fund (art. IX, sec. 17) to the principal
8 of the community development fund.

9 (b) Notwithstanding provisions relating to income of the permanent fund in
10 Section 15 of Article IX, two percent of the income of the permanent fund earned in
11 fiscal year 2001 and in each fiscal year thereafter shall be transferred to the principal
12 of the community development fund. Transfers to the community development fund
13 under this subsection shall end after the transfer of income earned in fiscal year 2020
14 is made.

15 (c) Notwithstanding provisions relating to distribution of income from the
16 community development fund in Section 18(b) of Article IX, distributions may not be
17 made before July 1, 2002.

18 * **Sec. 3.** The amendments proposed by this resolution shall be placed before the voters of
19 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
20 State of Alaska, and the election laws of the state.