

HJR

9

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHJR9(W&M)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: OOG
Title Constitutional Amendment relating to BRU Elections
an appropriation limit and a spending limit. Component Elections
Sponsor Rep. Stoltze, Kohring, Rokeberg
Requester House Ways and Means Component No. 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		1.5				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	1.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred Phone 465-5347
Division: Division of Elections Date/Time 5/2/03 10:29 AM
Approved by: Laura A. Glaiser, Director Date 5/2/2003
Agency: Office of the Lt. Governor, Division of Elections

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



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REPRESENTATIVE BILL STOLTZE

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK
Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement

For

House Joint Resolution 9

**“Proposing amendments to the Constitution of the State of Alaska
relating to an appropriation limit and a spending limit.”**

I believe that the adoption of an effective, reasonable constitutional spending limit to be an essential first step to developing any new long-range fiscal plan for the state. This step will establish guidelines by which the legislature will execute its power of appropriation and will create a more consistent pattern for state spending.

The existing constitutional appropriation limit, adopted by voters in 1981, has not worked as anticipated and has never been effective in restraining state spending. One main reason for its failure is that the starting amount of \$2.5 billion and the escalation factor based on inflation and population growth was too liberal. Given the increases in inflation and population over the last 20 years, the spending limit imposed by Article IX, Section 16 is more than \$6 billion. That is about \$3 billion more than appropriated in Fiscal Year 2002.

The key to this proposed amendment is to start with a base appropriation limit that is equal to the appropriation level of the earliest complete fiscal year. All increases in spending would require a three-fourths vote whether the increase was presented as an increment in the statewide appropriation measures or through another piece of legislation as a fiscal note or stand-alone appropriation. The intent of this approval process is to allow the legislature to focus on significant increases apart from the ongoing needs of general government expenditures.

Specified appropriations are excluded from the appropriation limit for reasons already established in law.

If the amount appropriated exceeds the limit, the governor shall reduce expenditures by the executive branch for its operation and administration in order to bring expenditures back in line with the constitutional limit.

Sponsor Statement
HJR 9
February 3, 2003

And finally, an additional provision states that this appropriation guideline remain in place for six years, if passed by a vote of the people, and if it is not revised or passed again in a general election, it would be removed as a Constitutional provision. This caveat is included to either eliminate a provision that may not be working as anticipated without cost to the state or allow revisions to the provision as deemed necessary by future legislatures and Alaskan citizens.

Without a meaningful constitutional amendment in place that limits the amount of state expenditures, there is no guarantee that the state will restrain, let alone reduce, spending. HJR 9 would limit state spending and is a key component of any new long-range plan to ensure Alaska's long-term fiscal health.

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Sectional Analysis For House Joint Resolution 9

“Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit and a spending limit.”

- Section 1 (a)** Rewrites the existing constitutional spending limit to be based on a flat spending base. Exceptions of certain types of appropriations and reappropriations are clearly defined and would not be included in the appropriation limit.
- (b)** Permits an appropriation that would exceed the limit established in Section 1 (a) to be made by an affirmative three-fourths vote of the legislature.
- Section 2** Amends the constitution by adding a new section that this resolution would provide for a six-year time limit for the spending limit. At the end of six years, the spending limit would need to be revised, and therefore require a vote of the people, or it would simply be removed from the Constitution.
- Section 3** This section directs the Lt. Governor to place this initiative on the ballot at the next general election.

DISTRICT 16

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MEMORANDUM

January 30, 2003

SUBJECT: Appropriation Limit (Work Order No. 23-LS0435)

TO: Representative Bill Stoltze
Attn: Barbara Bitney

FROM: Tamara Brandt Cook
Director *TBC*

Here is a copy of the resolution proposing a constitutional amendment to the appropriation limit that you requested. I must warn you that I cannot be sure this or a similar appropriation limit would be found to be a valid constitutional amendment that may be proposed by the legislature. It might be an invalid revision under the holding of the Alaska Supreme Court in Bess v. Ulmer, 985 P.2d 979 (Alaska 1999). It appears to me that the proposal would meet the four factors identified by the court as indicative of a valid amendment: (1) the proposal is simple to express and understand; (2) it is complete within itself; (3) it relates to only one subject; and (4) it substantially affects only a few sections of the constitution. There is an outside chance, I suppose, that the court would view the requirement for continuing votes on the spending limit contained in sec. 2 of the resolution as an additional subject, but this seems a remote risk. The real worry is that the court in Bess suggested that, aside from the four factors, if a fundamental power of one of the branches of state government is significantly altered, this could also result in the type of "sweeping change" that is not permitted to be accomplished in an amendment to the state constitution proposed by the legislature. It is possible that the court would view a substantial restriction on the legislative power of appropriation, such as here proposed, as amounting to such a significant alteration as to constitute an impermissible revision.

TBC:med
03-082.med

Enclosure