

SJR

103

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 6/22/04



FURTHER:

DATE TURNED IN TO OFFICE: 6/23/04

Finance Committee considered SENATE JOINT RESOLUTION NO. 103

SJR 103 CONST AM: APPROPRIATION LIMIT

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit.

and recommends:

- be replaced with _____ CS SJR 103 (FIN)
- adopt previous _____ CS CS FORTHCOMING (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero.	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Elections	6/18/04	1.5			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	✓
<i>[Signature]</i>	✓			
<i>[Signature]</i>				+
COCHAIR: <i>[Signature]</i>				✓
COCHAIR: <i>[Signature]</i>			✓	

JUL 23 2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SJR 103
(S) Publish Date: 6/22/04

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title: Constitutional amendment relating to an RDU: Elections
appropriation limit. Component: Elections
Sponsor: Rules
Requester: Governor Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 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: 6/18/04 8:57 AM
Approved by: Laura A. Glavin, Director Date: 6/18/2004
Agency: Office of the Lt. Governor, Division of Elections

SENATE FINANCE
COMMITTEE
Amendment Number: # 1
Bill Number: SJR 103
Sponsor: Hoffman Date: 6/23/04
Logged In By: Robin

FAILED

23-GS2186A.1
Cook
6/22/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: SJR 103

- 1 Page 3, line 21:
- 2 Delete "."
- 3 Insert ";"
- 4
- 5 Page 3, following line 21:
- 6 Insert a new paragraph to read:
- 7 "(15) an appropriation for elementary or secondary public school
- 8 operations."

SENATE FINANCE COMMITTEE
6/23/2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	#1		
Motion	to to adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	B. Stevens		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	2		
Nay	5		
Absent			
<u>MOTION</u>	FAILED		

SENATE FINANCE
COMMITTEE

Amendment Number: #2, As Amended
Bill Number: SJR 103
Sponsor: Hoffman Date: 6/23/04
Logged In By: Robins

23-GS2186A.2
Cook
6/23/04

ADOPTED
AS AMENDED

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: SJR 103

1 Page 3, line 26, following "30.":

2 Insert "Contingent Effect,"

3

4 Page 3, following line 26:

5 Insert a new subsection to read:

6 "(a) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16)
7 takes effect only if the

8 (1) legislature adopts a resolution proposing an amendment to Section
9 15 of Article IX to limit appropriations from the Alaska permanent fund based on an
10 averaged percent of the fund market value, and to permit appropriations from the fund
11 only for costs of administering the fund, a program of dividend payment for residents
12 of the State established by law, aid to public education, and aid to municipalities and
13 other communities; and

14 (2) proposed amendment described in (1) of this subsection is placed
15 before the voters of the state at the 2004 general election."

16

17 Reletter the following subsections accordingly.

AMENDMENT

OFFERED IN THE SENATE
TO: SJR 103

BY SENATOR HOFFMAN

1 Page 3, line 26, following "30.":

2 Insert "Contingent Effect,"

3

4 Page 3, following line 26:

5 Insert a new subsection to read:

6 "(a) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16)
7 takes effect only if the

8 (1) legislature adopts a resolution proposing an amendment to Section
9 15 of Article IX to limit appropriations from the Alaska permanent fund based on an
10 averaged percent of the fund market value and to permit appropriations from the fund
11 only for costs of administering the fund, a program of dividend payment for residents
12 of the State established by law, aid to public education, and aid to municipalities and
13 other communities; and

14 (2) proposed amendment described in (1) of this subsection is placed
15 before the voters of the state at the 2004 general election."

16

17 Reletter the following subsections accordingly.

SENATE FINANCE COMMITTEE
6/23/2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	#2 As Amended		
Motion	to adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Hoffman		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Dyson	✓		
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Senator Bunde	✓		
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	4		
Nay	3		
Absent			
<u>MOTION</u>	Passed		

SENATE FINANCE COMMITTEE
2. / 23 / 2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	Amend #2		
Motion	Amend #2		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Dyson, Green		
Removed	✓	✓	
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Stevens			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	PASSED		

SENATE JOINT RESOLUTION NO. 103
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 6/22/04

Referred:

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an
2 appropriation limit.

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

4 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
5 readopted to read:

6 Section 16. Appropriation Limit. (a) Subject to (b) of this section,
7 appropriations made for a current fiscal year shall not exceed the average amount
8 appropriated for the earliest three of the four fiscal years immediately preceding that
9 current fiscal year, increased ~~or decreased~~ by the lesser of

10 (1) seventy-five percent of the sum of the following:

11 (A) the percentage rate of change in the cost of living for the
12 three calendar years preceding the calendar year during which the immediately
13 preceding fiscal year began; plus

14 (B) the percentage rate of change in the State population for the
15 three calendar years preceding the calendar year during which the immediately

1 preceding fiscal year began; or

2 (2) the percentage rate of change in the personal incomes of State
3 residents for the three calendar years preceding the calendar year during which the
4 immediately preceding fiscal year began.

5 (b) The legislature shall implement (a) of this section by law. If the
6 appropriation limit calculated under (a) of this section, as implemented by law, for a
7 current fiscal year is less than the appropriation limit amount calculated for the
8 immediately preceding fiscal year, the appropriation limit amount for the immediately
9 preceding fiscal year shall apply to the current fiscal year.

10 (c) An appropriation that exceeds the limit under this section by not more than
11 two percent may be made for any public purpose upon affirmative vote of at least two-
12 thirds of the members of each house of the legislature. An appropriation that exceeds
13 the limit under this section by not more than four percent may be made for any public
14 purpose upon affirmative vote of at least three-fourths of the members of each house.
15 However, the total amount of appropriations under this subsection made for a fiscal
16 year may not exceed the limit under this section by more than four percent. A bill
17 making one or more appropriations under this subsection must be confined to
18 appropriations made under this subsection.

19 (d) The following are excluded from the appropriation limits in (a) and (c) of
20 this section and from the calculations made under (a) of this section:

21 (1) an appropriation to the Alaska permanent fund established in
22 Section 15 of this article;

23 (2) an appropriation for payments of permanent fund dividends to State
24 residents;

25 (3) an appropriation to meet a state of natural disaster declared by the
26 governor as prescribed by law;

27 (4) an appropriation to a separate fund or account in the general fund
28 from which expenditures may not be made without an additional appropriation from
29 that separate fund or account;

30 (5) an appropriation of State general obligation or revenue bond
31 proceeds or an appropriation of capital lease financing proceeds;

SENATE FINANCE COMMITTEE
10/23/2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	# 3		
Motion	to amend		
<u>Motion by</u>	Dyson		
<u>Objection by</u>	Green		
Removed	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Olson			
Senator Stevens			
Senator Bunde			
Senator Dyson			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION			

ADOPTED

SENATE JOINT RESOLUTION NO. 103

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 6/22/04

Referred:

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an
2 appropriation limit.

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

4 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
5 readopted to read:

6 Section 16. Appropriation Limit. (a) Subject to (b) of this section,
7 appropriations made for a current fiscal year shall not exceed the average amount
8 appropriated for the earliest three of the four fiscal years immediately preceding that
9 current fiscal year, increased or decreased by the lesser of

10 (1) seventy-five percent of the sum of the following:

11 ~~(A) the percentage rate of change in the cost of living for the~~
12 ~~three calendar years preceding the calendar year during which the immediately~~
13 ~~preceding fiscal year began; plus~~

14 ~~(B) the percentage rate of change in the State population for the~~
15 ~~three calendar years preceding the calendar year during which the immediately~~

Replaced
with
language
in
SJR003C

1 ~~preceding fiscal year began; or~~

2 ~~(2) the percentage rate of change in the personal incomes of State~~
 3 ~~residents for the three calendar years preceding the calendar year during which the~~
 4 ~~immediately preceding fiscal year began.~~

5 (b) The legislature shall implement (a) of this section by law. If the
 6 appropriation limit calculated under (a) of this section, as implemented by law, for a
 7 current fiscal year is less than the appropriation limit amount calculated for the
 8 immediately preceding fiscal year, the appropriation limit amount for the immediately
 9 preceding fiscal year shall apply to the current fiscal year.

10 (c) An appropriation that exceeds the limit under this section by not more than
 11 two percent may be made for any public purpose upon affirmative vote of at least two-
 12 thirds of the members of each house of the legislature. An appropriation that exceeds
 13 the limit under this section by not more than four percent may be made for any public
 14 purpose upon affirmative vote of at least three-fourths of the members of each house.
 15 However, the total amount of appropriations under this subsection made for a fiscal
 16 year may not exceed the limit under this section by more than four percent. A bill
 17 making one or more appropriations under this subsection must be confined to
 18 appropriations made under this subsection.

19 (d) The following are excluded from the appropriation limits in (a) and (c) of
 20 this section and from the calculations made under (a) of this section:

21 (1) an appropriation to the Alaska permanent fund established in
 22 Section 15 of this article;

23 (2) an appropriation for payments of permanent fund dividends to State
 24 residents;

25 (3) an appropriation to meet a state of natural disaster declared by the
 26 governor as prescribed by law;

27 (4) an appropriation to a separate fund or account in the general fund
 28 from which expenditures may not be made without an additional appropriation from
 29 that separate fund or account;

30 (5) an appropriation of State general obligation or revenue bond
 31 proceeds or an appropriation of capital lease financing proceeds;

New language to be inserted into SJR103 Amend #4 23-LS0296E

CS FOR SENATE JOINT RESOLUTION NO. 3(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/5/04
Referred: Today's Calendar

Sponsor(s): SENATORS DYSON, Bunde, Wagoner, Gary Stevens, Ogan, Stedman

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an
2 appropriation limit.

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

4 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
5 readopted to read:

6 Section 16. Appropriation Limit. (a) Subject to (b) of this section and
7 except as provided in (d), (e), and (f) of this section, appropriations made for a current
8 fiscal year shall not exceed the average amount appropriated for the earliest three of
9 the four fiscal years immediately preceding that current fiscal year by more than the
10 sum of the following:

11 (1) the percentage rate of change in the Consumer Price Index for all
12 urban consumers for the Anchorage metropolitan area compiled by a federal agency
13 during the two calendar years preceding the calendar year during which the
14 immediately preceding fiscal year began, but not to exceed the percentage change in per capita
15 personal income of State residents during the two calendar years preceding the
16 calendar year during which the immediately preceding fiscal year begins; plus

1 (2) the percentage rate of change in the State population during the two
2 calendar years preceding the calendar year during which the immediately preceding
3 fiscal year began compiled by a State department.

4 (b) If the appropriation limit amount calculated under (a) of this section for a
5 current fiscal year is less than the appropriation limit amount calculated for the
6 immediately preceding fiscal year, the appropriation limit amount for the immediately
7 preceding fiscal year shall apply to the current fiscal year.

8 (c) Calculations made under (a) of this section shall not include appropriations

9 (1) to the Alaska permanent fund established in Section 15 of this
10 article;

11 (2) of Alaska permanent fund income for payments of permanent fund
12 dividends to State residents;

13 (3) of money received by the State from a source other than the State
14 or federal government that is restricted to a specific use by the terms of a gift, grant,
15 bequest, or contract;

16 (4) of State general obligation bond and revenue bond proceeds;

17 (5) required to pay obligations under revenue bonds;

18 (6) of money received from the federal government;

19 (7) of money received as tuition, fees, or contract receipts, or from
20 other sources apart from the general fund by the University of Alaska;

21 (8) of dedicated funds and trust funds;

22 (9) of money for expenditure by a State agency to provide services to
23 another State agency that has also received an appropriation of the same money;

24 (10) of money previously appropriated for a different purpose or to a
25 different recipient; and

26 (11) made under (d), (e), or (f) of this section.

27 (d) An appropriation that exceeds the appropriation limit under this section
28 may be made for any public purpose identified in a declaration of emergency that is
29 issued by the governor as prescribed by law.

30 (e) If the governor declares that an extraordinary circumstance exists, upon the
31 affirmative vote of at least two-thirds of the members of each house, the legislature

SENATE FINANCE COMMITTEE
6/23/2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	#4	Conceptual	
Motion	to Amend		
<u>Motion by</u>	Dyson		
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stevens			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
MOTION	ADOPTED		

SENATE FINANCE
COMMITTEE

FAILED

Amendment Number: #5
Bill Number: SJR 103
Sponsor: H. Hoffman Date: 6/23/04
Logged In By: Robin

23-GS2186A.3
Cook
6/23/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR HOFFMAN

TO: SJR 103

1 Page 3, line 21:

2 Delete "."

3 Insert ";"

4

5 Page 3, following line 21:

6 Insert a new paragraph to read:

7 "(15) an appropriation to fund State employee retirement benefits."

SENATE FINANCE COMMITTEE
1 / 2004 COMMITTEE ACTION

Bill Number	SJR 103		
Amendment	#3		
Motion	to Amend		
<u>Motion by</u>	Huffman		
<u>Objection by</u>	Huffman, Wilken		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	3		
Nay	5		
Absent			
MOTION	FAILED		



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: Wed, 6/23/04 TIME: 12:45 PM

TO: LEGAL

NUMBER OF PAGES, INCLUDING COVER SHEET: 7

FROM: ROBIN PAUL
SENATE FINANCE CMTE. ASST. SECRETARY
PHONE: 465-2618
FAX: 465-2187

NOTES: Need A FINAL Pls.

SR 103, version 23-GS2186/A has been
amended 3 times. Amendments
adopted are attached (#2 as amended, #3, &
#4)

Any questions
call me! Thank You!

Robin

CS FOR SENATE JOINT RESOLUTION NO. 103(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an
2 appropriation limit.

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

4 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
5 readopted to read:

6 Section 16. Appropriation Limit. (a) Subject to (b) of this section,
7 appropriations made for a current fiscal year shall not exceed the average amount
8 appropriated for the earliest three of the four fiscal years immediately preceding that #3
9 current fiscal year, increased by seventy-five percent of the sum of the following:

10 (1) the percentage rate of change in the Consumer Price Index for all
11 urban consumers for the Anchorage metropolitan area compiled by a federal agency
12 during the two calendar years preceding the calendar year during which the
13 immediately preceding fiscal year began, but not to exceed the percentage change in #4
14 per capita personal income of State residents during the two calendar years preceding
15 the calendar year during which the immediately preceding fiscal year begins; plus

1 (2) the percentage rate of change in the State population during the two } #4
 2 calendar years preceding the calendar year during which the immediately preceding } cont.
 3 fiscal year began compiled by a State department.

4 (b) The legislature shall implement (a) of this section by law. If the
 5 appropriation limit calculated under (a) of this section, as implemented by law, for a
 6 current fiscal year is less than the appropriation limit amount calculated for the
 7 immediately preceding fiscal year, the appropriation limit amount for the immediately
 8 preceding fiscal year shall apply to the current fiscal year.

9 (c) An appropriation that exceeds the limit under this section by not more than
 10 two percent may be made for any public purpose upon affirmative vote of at least two-
 11 thirds of the members of each house of the legislature. An appropriation that exceeds
 12 the limit under this section by not more than four percent may be made for any public
 13 purpose upon affirmative vote of at least three-fourths of the members of each house.
 14 However, the total amount of appropriations under this subsection made for a fiscal
 15 year may not exceed the limit under this section by more than four percent. A bill
 16 making one or more appropriations under this subsection must be confined to
 17 appropriations made under this subsection.

18 (d) The following are excluded from the appropriation limits in (a) and (c) of
 19 this section and from the calculations made under (a) of this section:

20 (1) an appropriation to the Alaska permanent fund established in
 21 Section 15 of this article;

22 (2) an appropriation for payments of permanent fund dividends to State
 23 residents;

24 (3) an appropriation to meet a state of natural disaster declared by the
 25 governor as prescribed by law;

26 (4) an appropriation to a separate fund or account in the general fund
 27 from which expenditures may not be made without an additional appropriation from
 28 that separate fund or account;

29 (5) an appropriation of State general obligation or revenue bond
 30 proceeds or an appropriation of capital lease financing proceeds;

31 (6) an appropriation required to pay obligations under revenue or

1 general obligation bonds issued by the State or payments owed by the State under a
2 capital lease;

3 (7) an appropriation of money received from the federal government;

4 (8) a reappropriation of money already appropriated under an
5 unobligated appropriation that is not void under Section 13 of this article;

6 (9) an appropriation of money for expenditure by a State agency to
7 provide services to part of that same agency or to another State agency if the other part
8 or the other agency has also received an appropriation of the same money;

9 (10) an appropriation of money held in trust by the State for a
10 particular purpose;

11 (11) an appropriation of money received as tuition, fees, or contract
12 receipts, or from other sources apart from the general fund by the University of
13 Alaska;

14 (12) an appropriation of money received by the state from a source
15 other than the State or federal government that is restricted to a specific use by the
16 terms of a gift, grant, bequest, or contract;

17 (13) an appropriation of money deposited into the budget reserve fund
18 under Section 17(d) of this article back to the funds and accounts from which the
19 money came;

20 (14) an appropriation of dedicated funds.

21 (e) An appropriation made under (c) of this section is excluded from the
22 calculations made under (a) of this section.

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

25 **Section 30. Contingent Effect, Application, Transition, and Repeal of**
26 **Appropriation Limit.** (a) The 2004 amendment relating to an appropriation limit
27 (art. IX, sec. 16) takes effect only if the

28 (1) legislature adopts a resolution proposing an amendment to Section
29 15 of Article IX to limit appropriations from the Alaska permanent fund based on an
30 averaged percent of the fund market value; and

31 (2) proposed amendment described in (1) of this subsection is placed

} #2

2

1 before the voters of the state at the 2004 general election.

2 (b) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16)
3 first applies to appropriations made for fiscal year 2006; however, for purposes of
4 making calculations under the appropriation limit for fiscal years 2006 through 2008,
5 it shall be assumed that, excluding appropriations listed under Section 16(d) of Article
6 IX, the amount appropriated for

7 (1) fiscal year 2004 equals \$3,150,000,000; and

8 (2) fiscal year 2005 equals \$3,250,000,000.

9 (c) Section 16 of Article IX (appropriation limit) is repealed July 1, 2009.

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

Note: CS "D" was retrieved
& replaced with CS "
due to language omission.
23-GS21861D

CS FOR SENATE JOINT RESOLUTION NO. 103(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Legal Change
OK'ed by
Senator
DJ 5:07
5:30pm
6/23/04

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an
2 appropriation limit.

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

4 * Section 1. Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
5 readopted to read:

6 Section 16. Appropriation Limit. (a) Subject to (b) of this section,
7 appropriations made for a current fiscal year shall not exceed the average amount
8 appropriated for the earliest three of the four fiscal years immediately preceding that
9 current fiscal year, increased by seventy-five percent of the sum of the following:

10 (1) the percentage rate of change in the Consumer Price Index for all
11 urban consumers for the Anchorage metropolitan area compiled by a federal agency
12 during the two calendar years preceding the calendar year during which the
13 immediately preceding fiscal year began, but not to exceed the percentage change in
14 *Capita* personal income of State residents during the two calendar years preceding the
15 calendar year during which the immediately preceding fiscal year begins; plus

#3
language
omitted

#4
per

1 (2) the percentage rate of change in the State population during the ~~(C.S.R.)~~
2 calendar years preceding the calendar year during which the immediately preceding
3 fiscal year began compiled by a State department.

4 (b) The legislature shall implement (a) of this section by law. If the
5 appropriation limit calculated under (a) of this section, as implemented by law, for a
6 current fiscal year is less than the appropriation limit amount calculated for the
7 immediately preceding fiscal year, the appropriation limit amount for the immediately
8 preceding fiscal year shall apply to the current fiscal year.

9 (c) An appropriation that exceeds the limit under this section by not more than
10 two percent may be made for any public purpose upon affirmative vote of at least two-
11 thirds of the members of each house of the legislature. An appropriation that exceeds
12 the limit under this section by not more than four percent may be made for any public
13 purpose upon affirmative vote of at least three-fourths of the members of each house.
14 However, the total amount of appropriations under this subsection made for a fiscal
15 year may not exceed the limit under this section by more than four percent. A bill
16 making one or more appropriations under this subsection must be confined to
17 appropriations made under this subsection.

18 (d) The following are excluded from the appropriation limits in (a) and (c) of
19 this section and from the calculations made under (a) of this section:

20 (1) an appropriation to the Alaska permanent fund established in
21 Section 15 of this article;

22 (2) an appropriation for payments of permanent fund dividends to State
23 residents;

24 (3) an appropriation to meet a state of natural disaster declared by the
25 governor as prescribed by law;

26 (4) an appropriation to a separate fund or account in the general fund
27 from which expenditures may not be made without an additional appropriation from
28 that separate fund or account;

29 (5) an appropriation of State general obligation or revenue bond
30 proceeds or an appropriation of capital lease financing proceeds;

31 (6) an appropriation required to pay obligations under revenue or

1 general obligation bonds issued by the State or payments owed by the State under a
2 capital lease;

3 (7) an appropriation of money received from the federal government;

4 (8) a reappropriation of money already appropriated under an
5 unobligated appropriation that is not void under Section 13 of this article;

6 (9) an appropriation of money for expenditure by a State agency to
7 provide services to part of that same agency or to another State agency if the other part
8 or the other agency has also received an appropriation of the same money;

9 (10) an appropriation of money held in trust by the State for a
10 particular purpose;

11 (11) an appropriation of money received as tuition, fees, or contract
12 receipts, or from other sources apart from the general fund by the University of
13 Alaska;

14 (12) an appropriation of money received by the State from a source
15 other than the State or federal government that is restricted to a specific use by the
16 terms of a gift, grant, bequest, or contract;

17 (13) an appropriation of money deposited into the budget reserve fund
18 under Section 17(d) of this article back to the funds and accounts from which the
19 money came;

20 (14) an appropriation of dedicated funds.

21 (e) An appropriation made under (c) of this section is excluded from the
22 calculations made under (a) of this section.

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

25 **Section 30. Contingent Effect, Application, Transition, and Repeal of**
26 **Appropriation Limit.** (a) The 2004 amendment relating to an appropriation limit
27 (art. IX, sec. 16) takes effect only if the

28 (1) legislature adopts a resolution proposing an amendment to Section
29 15 of Article IX to limit appropriations from the Alaska permanent fund based on an
30 averaged percent of the fund market value; and

31 (2) proposed amendment described in (1) of this subsection is placed

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#2

1 before the voters of the state at the 2004 general election.

2 (b) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16)
3 first applies to appropriations made for fiscal year 2006; however, for purposes of
4 making calculations under the appropriation limit for fiscal years 2006 through 2008,
5 it shall be assumed that, excluding appropriations listed under Section 16(d) of Article
6 IX, the amount appropriated for

7 (1) fiscal year 2004 equals \$3,150,000,000; and

8 (2) fiscal year 2005 equals \$3,250,000,000.

9 (c) Section 16 of Article IX (appropriation limit) is repealed July 1, 2009.

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

**Spending Limit – Proposal to the House
Based on CSHJR 9 (FIN) am**

Sectional Analysis

Section 1. Article IX, Appropriation Limit

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

(a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

(1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

(2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

(b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

(c) Allows the limit to be exceeded by:

- Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
- Up to four percent with a three-fourths vote.

- (d) Allows certain appropriations to remain exempt from the base limit calculation:
 - (1) appropriations to the Permanent Fund
 - (2) appropriations of Permanent Fund dividends
 - (3) appropriations for a natural disaster declared by the Governor
 - (4) duplicated expenditures
 - (5) GO and revenue bond proceeds and capital lease financing proceeds
 - (6) GO and revenue bond debt service and capital lease finance obligations
 - (7) federal funds
 - (8) reappropriations
 - (9) reimbursable services agreements and interagency transfers
 - (10) monies held in trust
 - (11) University of Alaska tuition receipts
 - (12) gifts, grants, bequests or contracts
 - (13) deposits to the CBR and reverse sweep of GF accounts
 - (14) dedicated funds

- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

Section 2. Amends Article XV. Schedule of Transitional Measures.

- (a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.3 billion in FY 04 and \$3.4 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.

- (b) Sets a July 1, 2009 sunset date for the amendment.

Section 3.

Provides for the amendment to go before voters in the 2004 general election.

**Spending Limit – Proposal to the Senate
Based on SCS CSHJR 9 (FIN) (fld S)**

Sectional Analysis

Section 1. Article IX, Appropriation Limit

Repeals and replaces the existing Appropriation Limit in Article IX, Section 16 of the Alaska Constitution with the following:

(a) Establishes a moving three-year average as the base for the application of the limit. The intent is to smooth out year-to-year variations to provide a more predictable limit for long-range planning.

The base is tied to actual appropriations, which are generally available two years prior to the fiscal year being considered. Thus the moving average is based on the earliest three of the previous four fiscal years. Each year's limit is computed separately from the previous year limit.

(1) The rate of allowable annual change in the limit is determined by adding the two variables (inflation plus population growth) multiplied by 0.75.

(A) Establishes the average of the Anchorage Consumer Price Index (CPI) as one of the variables for determining the annual change in the spending. Like the base, the CPI used is a three-year average derived from the calendar years corresponding to the fiscal years upon which the base is determined.

(B) Sets the second variable in calculating the change in the spending limit as the average rate of annual population change for the same calendar years as the CPI variable.

(2) Further restricts the rate of allowable change in the limit to be not more than annual growth in personal incomes of state residents.

(b) Provides that the Legislature will implement by law the limit's calculation stipulated in (a).

Provides a "no ratchet-down" clause that stipulates if the calculated appropriation limit is less than the previous years' appropriation level, the default limit will be the previous year's appropriation level.

- (c) Allows the limit to be exceeded by:
 - Up to two percent through an affirmative vote of two thirds of the members of each house of the legislature; and
 - Up to four percent with a three-fourths vote.

- (d) Allows certain appropriations to remain exempt from the base limit calculation:
 - (1) appropriations to the Permanent Fund
 - (2) appropriations of Permanent Fund dividends
 - (3) appropriations for a natural disaster declared by the Governor
 - (4) duplicated expenditures
 - (5) GO and revenue bond proceeds and capital lease financing proceeds
 - (6) GO and revenue bond debt service and *capital lease finance* obligations
 - (7) federal funds
 - (8) reappropriations
 - (9) reimbursable services agreements and interagency transfers
 - (10) monies held in trust
 - (11) University of Alaska tuition receipts, *fees, contract receipts, or other non-General Fund sources*
 - (12) gifts, grants, bequests or contracts
 - (13) deposits to the CBR and reverse sweep of GF accounts
 - (14) dedicated funds

- (e) Excludes from the limit's calculation the amount by which the limit was overridden by a supermajority of the legislature as provided in Section 1, Subsection 2 (c) above.

Section 2. Amends Article XV. Schedule of Transitional Measures.

- (a) Specifies that the constitutional limit first applies to FY 2006 appropriations and establishes artificial base year limits of \$3.15 billion in FY 04 and \$3.25 billion in FY 05 to feed into the 3 year average for purposes of calculating the FY 06 appropriation limit.

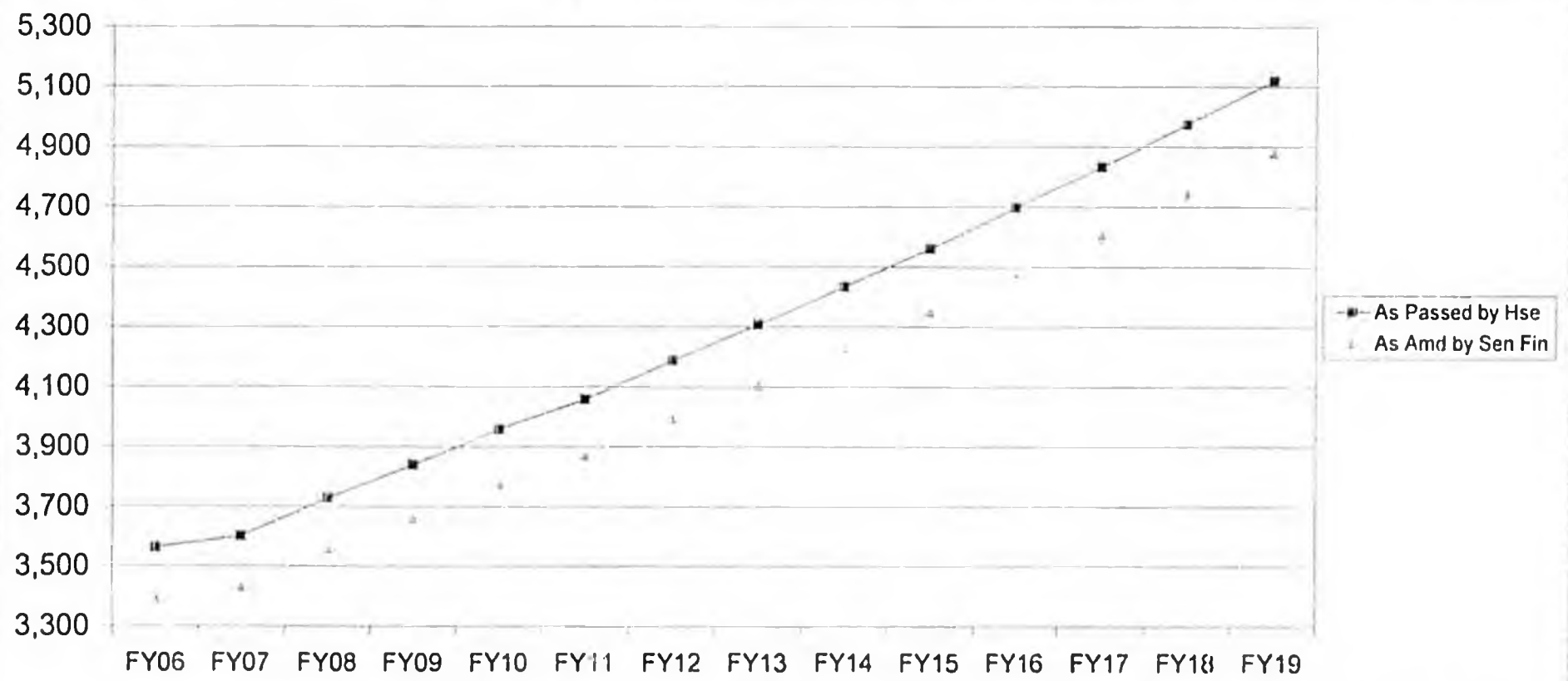
- (b) Sets a July 1, 2009 sunset date for the amendment.

Section 3.

Provides for the amendment to go before voters in the 2004 general election.

Variables:		Spending Limit Comparison (As passed by House and amended by Sen Fin)																	
Inflation	3.0%																		
Population	1.0%																		
	4.0%																		
	9.0%																		
CS HJR 9 (FIN) am (as passed by House)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	(Sunsets)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
	3,297	3,213	3,300	3,400	3,564	3,602	3,729	3,839		3,959	4,058	4,188	4,308	4,435	4,561	4,698	4,834	4,976	5,121
	annual growth			3,038	164	37	128	110		120	100	130	120	127	127	137	136	142	145
annual % change				362		1.05%	3.54%	2.94%		3.12%	2.52%	3.20%	2.85%	2.94%	2.86%	3.00%	2.89%	2.93%	2.91%
SCS CS HJR 9 (FIN) (as amended by Sen Fin)	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	(Sunsets)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
	3,143	3,046	3,150	3,250	3,393	3,432	3,558	3,661		3,773	3,870	3,994	4,107	4,226	4,349	4,479	4,608	4,744	4,882
	annual growth			2,861	143	39	126	102		112	97	124	113	121	121	130	129	135	138
annual % change				389		1.14%	3.68%	2.88%		3.06%	2.58%	3.20%	2.83%	2.95%	2.87%	2.99%	2.88%	2.94%	2.92%

FY05 Conference Committee numbers after exemptions. The difference (\$352 or \$389) is to allow for all circumstances that may arise in the FY05 final budget and for expected growth such as PERS/TRS & Medicaid in the next several years.



SJR 103

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 21, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a resolution relating to an appropriation or "spending" limit. This resolution gives voters the chance to directly voice their opinion on a spending limit at the ballot box. A spending limit is an integral part of the transition to a long-range fiscal plan for Alaska.

I have used as a model for this resolution the final Senate version of House Joint Resolution 9 (HJR 9), which was rejected by the Senate during the last regular session of the Legislature (SCS CS HJR 9(FIN)(fld S)). This joint resolution differs from SCS CS HJR 9(FIN)(fld S) in that it contains some technical changes that were recommended by the Department of Law. In the list of appropriations excluded from the appropriation limit, references to "state lease debt" have been changed to "capital leases" to more accurately reflect the description of these obligations in governmental accounting. Other technical language changes were made to more clearly provide that the "excluded" appropriations are to be excluded from the appropriation limit itself as well as from calculation of the appropriation limit.

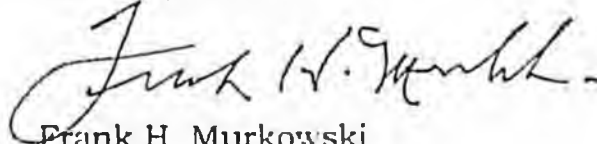
The resolution presents the public with the opportunity to approve a spending limit with "teeth" in it. If approved by the Legislature and passed by the voters, it will control government spending. A leaner and more efficient state government will be produced. Passage of the resolution sends the signal the Legislature has heard the public's message and will allow Alaskans to vote on the issue.

COMMITTEE COPY

The Honorable Gene Therriault
June 21, 2004
Page 2

I urge your prompt and favorable action on this resolution.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

