

**SJR**

**1**

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/11/05

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Judiciary Committee considered SENATE JOINT RESOLUTION NO. 1

### SJR 1 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 \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

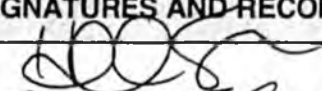
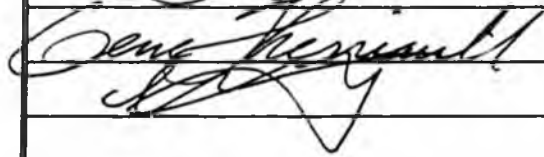

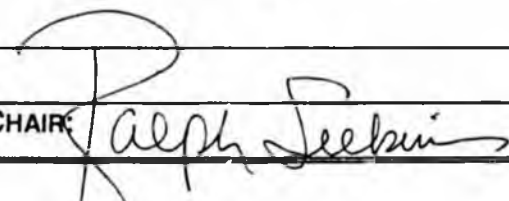
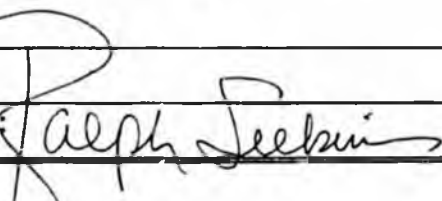
**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			X	
			X	
			X	
				
CHAIR: 			X	

# LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 10, 2005

**SUBJECT:** Appropriation Limit (CSSJR 1(JUD))

**TO:** Senator Ralph Seekins  
Chair of the Senate Judiciary Committee  
Attn: Brian Hove

**FROM:** Tamara Brandt Cook  
Director *TBC*

Here is a final CSSJR 1 for the Judiciary Committee. Please be aware that this resolution raises legal problems. In addition, it includes in places language that is not clear and does not comply with usual drafting style. The following is a partial list of potential specific problems:

(1) The first sentence appears to permit appropriations to, essentially, double each year under the limit.

(2) The resolution refers to particular executive branch agencies, to the Finance Committees of the legislature, and to one federal agency, the Bureau of Economic Analysis. Normally the constitution refrains from referring to specific government agencies because they are changed from time to time through government reorganization. Any constitutional provision that refers to a particular government agency can become obsolete or difficult to apply if the agency is changed.

(3) In (j) and (k) reference is made to a treasurer. Alaska does not have the office of state treasurer.

(4) Subsection (g) states: "the governor may issue a proclamation declaring a fiscal emergency and shall cause the legislature to assemble in special session solely for that purpose." Is it a mandatory duty or permissive power of the governor to call a special session in this situation?

(5) How does the provision in subsection (h) preventing the legislature from adjourning "for a joint recess" work in connection with the restriction in Art. II, sec. 10 on one house adjourning for longer than three days unless the other concurs? May each house take turns adjourning so that no "joint recess" occurs under subsection (h)?

Senator Ralph Seekins

February 10, 2005

Page 2

(6) How does the pay restriction in subsection (h) mesh with Art. II. sec. 7 which requires legislators to receive salaries and travel expenses?

(7) Subsection (j) uses the term "non-self-liquidating general obligation bond." How do these bonds differ from other general obligation bonds? What is a "general-fund-supported revenue lease bond"?

I think it is unlikely that this resolution, if adopted, would be found valid under the reasoning of Bess v. Ulmer, 985 P.2d 979. The court in that case found a distinction between amendments to the constitution that the legislature may propose and revisions that the legislature may not propose. At page 987 the court noted that "an enactment which is so extensive in its provisions as to change directly the 'substantial entirety' of the constitution by the deletion or alterations of numerous existing provisions may well constitute a revision thereof [while] even a relatively simple enactment may accomplish such far reaching changes in the nature of our basic governmental plan as to amount to a revision also." The process of amendment, on the other hand, is proper for those changes which are "few, simple, independent, and of comparatively small importance." The legislature may not propose "sweeping changes" to the state constitution. In considering whether a particular change is within the power of the legislature to propose the court identified four factors it would consider: (1) whether the proposal is simple to express and understand; (2) whether it is complete within itself; (3) whether it relates to only one subject; and (4) whether it substantially affects only a few sections of the constitution. It is not certain that this resolution meets any of these four factors. In addition, because the thrust of the resolution is to limit a basic power of one of the branches of government, the legislative power of appropriation, the court may view this resolution as a "sweeping change" to the constitution.

TBC:lmb  
05-050.lmb

Enclosure

24-LS0292VF  
Cook  
2/9/05

**CS FOR SENATE JOINT RESOLUTION NO. 1( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): SENATOR DYSON**

**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 this section, appropriations made for a current fiscal year shall  
8 not exceed the amount appropriated for the fiscal year two years preceding the current  
9 fiscal year by more than the product of that prior year's appropriations multiplied by  
10 the sum of one plus the percentage change in State population, and then multiplying  
11 that resultant product by one plus the percentage change in the Consumer Price Index.  
12 However, the percentage change in the Consumer Price Index shall be no greater than  
13 the percentage change in personal income of State residents. The Department of  
14 Commerce, Community, and Economic Development or its successor agency shall  
15 determine the change in per capita personal income based upon the Alaska personal  
16 income statistics produced by the Bureau of Economic Analysis in the United States

Department of Commerce. In this subsection,

(1) "percentage change in State population" means the percentage change for the latest available estimates as compiled by a State agency;

(2) "percentage change in the Consumer Price Index" means the percentage change for the latest available estimates for all urban consumers for the Anchorage metropolitan area as compiled by a federal agency.

(b) If the appropriation limit amount calculated in this section for a current fiscal year is less than the appropriation limit amount calculated for the immediately preceding fiscal year, the appropriation limit amount for the immediately preceding fiscal year shall apply to the current fiscal year.

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

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

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

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

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

(5) required to pay obligations under revenue bonds;

(6) of money received from the federal government;

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

(8) of dedicated funds and trust funds;

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

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

(11) made under (d), (l), or (m) of this section.

(d) The appropriation limit imposed by this section may be exceeded for a fiscal year in an emergency as defined in (e) of this section. Any expenditure

1 exceeding the limit imposed by this section for a declared emergency as provided for  
2 in this section shall be for that purpose only and shall be directly related to, and  
3 proportional to the costs arising from, the emergency. Furthermore, such funds shall  
4 not be considered in the base for determining the following year's appropriation limit.

5 (e) "Emergency," for the purposes of (d) of this section, means the existence,  
6 as declared by the governor, of conditions of disaster or of extreme peril to the safety  
7 of persons or property within the State, or parts thereof, caused by an attack or  
8 probable or imminent attack by an enemy of the United States, epidemic, fire, flood,  
9 drought, storm, civil disorder, earthquake, or volcanic eruption. "Emergency" does  
10 not include revenue shortfalls, excessive spending, or similar conditions limiting the  
11 ability to fund government operations.

12 (f) The commissioner of revenue, or the head of a successor agency, shall, on  
13 a quarterly basis, report to the governor and the members of the Finance Committees  
14 in each house regarding the State's compliance with the appropriation limit imposed  
15 by this section for the current fiscal year. The report shall include updated estimates  
16 of revenues and expenditures and the appropriation limit for the current fiscal year. If  
17 the Department of Revenue estimates that current fiscal year total expenditures might  
18 exceed the appropriation limit imposed by this section, the report shall include  
19 recommendations for corrective actions.

20 (g) If, following enactment of the budget bill, the governor determines that,  
21 for that fiscal year, general fund revenues will decline substantially below the estimate  
22 of general fund revenues upon which the budget bill for that fiscal year, as enacted,  
23 was based, or general fund expenditures will increase substantially above the estimate  
24 of general fund revenues, or both, or if, following the enactment of the budget bill for  
25 fiscal year, the governor determines that, for that fiscal year, total expenditures are  
26 expected to exceed the appropriation limit imposed by this section for that fiscal year,  
27 the governor may issue a proclamation declaring a fiscal emergency and shall cause  
28 the legislature to assemble in special session solely for that purpose. The  
29 proclamation shall identify the nature of the fiscal emergency and shall be submitted  
30 by the governor to the legislature, accompanied by proposed legislation to address the  
31 fiscal emergency. Any legislation proposed or enacted in response to the fiscal

1 emergency declared under this section shall comply with the requirements of this  
2 section.

3 (h) If the legislature fails to pass and send to the governor a bill or bills to  
4 address the fiscal emergency declared under (g) of this section by the tenth day  
5 following the issuance of the proclamation, the legislature may not adjourn for a joint  
6 recess until that bill or those bills have been passed and signed by the governor.  
7 Neither the governor nor any member of the legislature shall be entitled to any salary,  
8 per diem, or other expense allowance for any day after the tenth day following the  
9 issuance of the proclamation until legislation addressing the fiscal emergency has been  
10 passed and signed into law by the governor. No forfeited salary, per diem, or expense  
11 allowance shall be paid retroactively.

12 (i) A bill addressing the fiscal emergency declared under (g) of this section  
13 shall contain a statement to that effect.

14 (j) Whenever, based on the most recent Department of Revenue estimates, or  
15 the estimates of its successor agency, and based on laws then in effect, the estimated  
16 total amount of debt service for the current fiscal year or any of the succeeding four  
17 fiscal years on non-self-liquidating general obligation bonds and general-fund-  
18 supported lease revenue bonds exceeds six percent of the estimated general fund  
19 revenues for that fiscal year, exclusive of transfers from other funds during that fiscal  
20 year, the treasurer may not sell any additional non-self-liquidating general obligation  
21 bonds or general-fund-supported lease revenue bonds.

22 (k) If the percentage under (j) of this section is six percent or less, the  
23 treasurer may sell those bonds to the extent that, based on the most recent Department  
24 of Revenue estimates, or the estimates of its successor agency, and based on laws then  
25 in effect, the additional debt service will not cause the percentage to exceed six  
26 percent for the current fiscal year or any of the succeeding four fiscal years.

27 (l) The legislature may, upon the affirmative vote of at least two-thirds of the  
28 members of each house, adopt an appropriation that exceeds the limit under (a) of this  
29 section if the governor requests the appropriation in response to extraordinary  
30 circumstances. The governor's request must include at least the following  
31 information: (1) identification of the specific extraordinary circumstances; (2) the

1 amount requested for appropriation; (3) the period of time over which the  
2 appropriation is intended to be used; and (4) a plan for recovering the amount of  
3 money appropriated under this subsection. An appropriation made under this  
4 subsection may not be used for the payment of bonds, notes, or other evidences of  
5 indebtedness. For purposes of this subsection, "extraordinary circumstances" shall be  
6 defined by law passed by at least two-thirds of the members of each house.

7 (m) If the legislature by law, declares that an extraordinary circumstance  
8 exists, upon the affirmative vote of at least two-thirds of the members of each house,  
9 the legislature may pass an appropriation that exceeds the appropriation limit under  
10 this section to address the extraordinary circumstance.

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

13 **Section 30. Application, Transition, and Repeal.** The 2006 amendment  
14 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
15 for fiscal year 2008. However, for purposes of making calculations under the  
16 appropriation limit for fiscal years 2008 through 2010, it shall be assumed that,  
17 excluding appropriation listed under Section 16(c) of Article IX, the amount  
18 appropriated for

19 (1) fiscal year 2006 equals \$3,250,000,000; and

20 (2) fiscal year 2007 equals \$3,393,000,000.

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

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SJR4  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: OOG  
 Title CONST. AM: BUDGET RESERVE FUND RDU Elections  
 Component Elections  
 Sponsor Senator Dyson  
 Requester (S) Judiciary Component No. 21

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual		1.5				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 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. However, only six measures can be printed on an 8 1/2 by 14 inch ballot. If a measure requires printing an 8 1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred, Admin. Assistant Supervisor Phone 465-4611  
 Division: Division of Elections Date/Time 2/4/05 11:40 AM  
 Approved by: Laura A. Glaiser Date 2/4/2005  
 Agency: Office of the Lt. Governor, Division of Elections

AMENDMENT #2

OFFERED IN THE SENATE

By Senator Fred Dyson

To: SJR1 (24-LS0292\A)

- 1 Page 1, Lines 7 through 9: Conceptual amendment to reflect that the base
- 2 year is the second fiscal year prior to the fiscal year being considered, as
- 3 opposed to the immediately preceding year.

AMENDMENT 1

OFFERED IN THE SENATE  
TO: SJR 1

BY SENATOR DYSON

1 Page 2, line 29:

2 Delete ", (g), or (k)"

3

4 Page 3, line 7:

5 Delete "persons an"

6 Insert "persons or"

7

8 Page 3, line 20, through page 4, line 13:

9 Delete all material.

10 Reletter the following subsections accordingly.

11

12 Page 4, line 29:

13 Delete "(h)"

14 Insert "(g)"

15

16 Page 5, line 6:

17 Delete "(h)"

18 Insert "(g)"

19

20 Page 5, line 14:

21 Delete "many"

22 Insert "may"

23 Delete "not-self-liquidating"



## SENATOR FRED DYSON

### ***SJR 1***

#### ***Sponsor Statement***

#### **"A Resolution Proposing an Appropriation Limit"**

*Dated: January 21, 2005*

*Contact: Senator Fred Dyson at (907) 465-2199*

The adoption of an effective, reasonable constitutional spending limit is an integral step in the development of any effective long-range fiscal plan for the state. Senate Joint Resolution 1 (SJR 1) would amend Article IX, section 16 of Alaska's Constitution by establishing a new appropriations limit in a manner that more tightly constrains budget growth than does the existing appropriation limit, and is more closely aligned to Alaska's current revenue picture. Passage of SJR 1 would ensure that the state has a long-term, predictable spending plan that helps the state control spending in good times so that the state has the necessary funds to care for the people of Alaska when times are not so good.

The existing constitutional appropriation limit, adopted by voters in 1981, has not worked as anticipated and, as a result, has not been effective in restraining state spending. One primary reason for its failure is that the base upon which the limit was set was too high. Another is that the escalator factors, population and inflation, were cumulative year after year resulting in a limit that eventually became so high as to effectively not be a limit. In fact, given the increases in inflation and population over the last 20 years, our "limit" is currently more than \$6 billion. SJR 1 will amend the existing appropriation limit to more accurately reflect current budgeting and spending while making sure we provide for increased costs due to inflation and a growing population.

While this resolution sets a more effective limit, it is realistic in that it provides mechanisms for addressing unforeseeable emergencies. Should the need arise additional funds can be appropriated beyond the limit if the governor declares an emergency.

Another change is the removal of an existing provision that requires the legislature to reserve one-third for capital projects and loan appropriations, whether needed or not. Over the years, several attorney general opinions have been written on the meaning of the constitutional limit. Those opinions counter the plain English meaning of the language and have allowed the legislature and the administration to avoid this requirement. The resolution removes this arbitrary and superfluous requirement.

Finally, the proposed amendment would also limit the amount of debt service the state can incur. This is intended to help keep the state from mortgaging its future to fund capital projects for today -- a practice that created a recent near disaster in California. The provision limits indebtedness to 6% of general fund revenues.

A proposed amendment to the original resolution deletes references to the constitutional budget reserve. The amendment also includes a provision for the state to exceed the appropriations limit for extraordinary circumstances such as is anticipated for construction of the natural gas line.

**PROVIDED BY SENATOR FRED DYSON**

1           Insert "non-self-liquidating"

2   Page 5, line 15:

3           Delete "general - fund-supporting"

4           Insert "general-fund-supported"

5   Page 5, line 16:

6           Delete "(k)"

7           Insert "(j)"

8

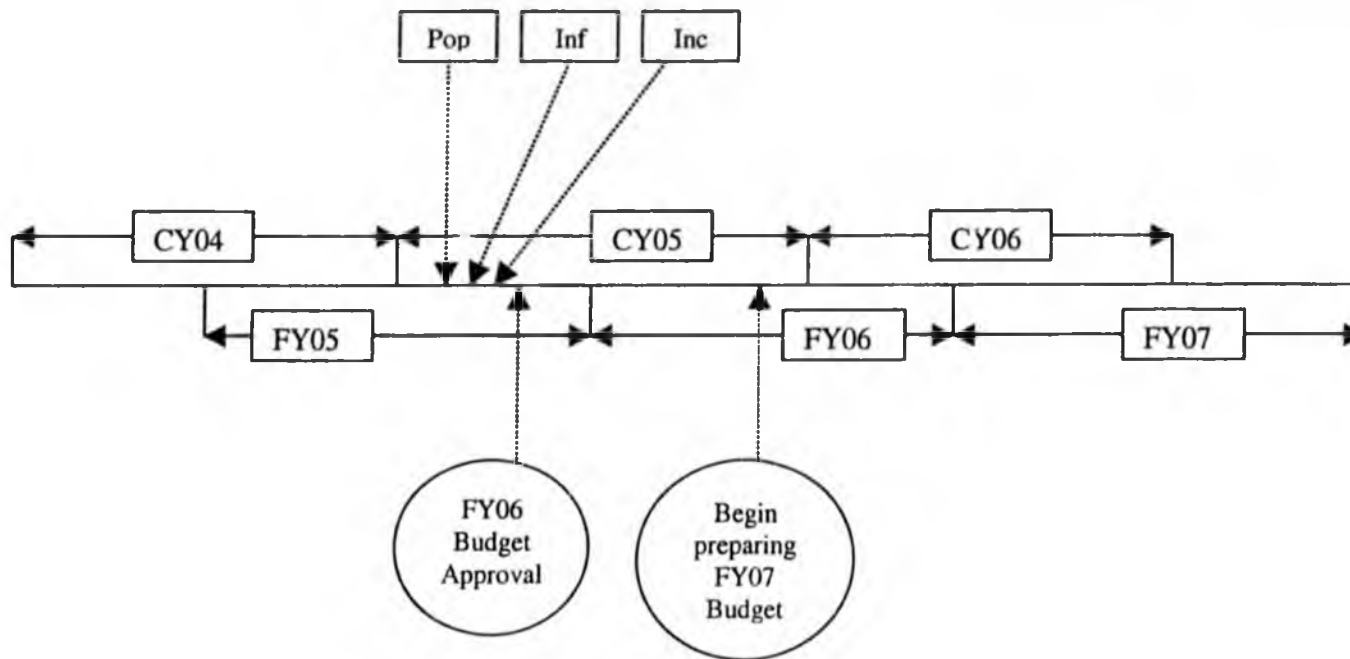
9   Page 5, following line 20:

10          Insert a new subsection to read:

11                 "(l) The legislature may, upon the affirmative vote of at least two-thirds of the  
12                 members of each house, adopt an appropriation that exceeds the limit under (a) of this  
13                 section if the governor requests the appropriation in response to extraordinary  
14                 circumstances. The governor's request must include at least the following  
15                 information: (1) identification of the specific extraordinary circumstances; (2) the  
16                 amount requested for appropriation; (3) the period of time over which the  
17                 appropriation is intended to be used; and (4) a plan for recovering the amount of  
18                 money appropriated under this subsection. An appropriation made under this  
19                 subsection may not be used for the payment of bonds, notes, or other evidences of  
20                 indebtedness. For purposes of this subsection, "extraordinary circumstances" shall be  
21                 defined by law adopted by at least two-thirds of the members of each house."

**DATA AVAILABILITY & SOURCES**

<u>Data Available</u>	<u>FY07 limit relies on data from:</u>	<u>CY 2004 data available:</u>
Inflation: mid-February, US Department of Labor, Bureau of Labor Statistics	CY04	February 2005
Population: late January, Alaska Department of Labor, Research & Analysis	CY04	January 2005
Personal Income: late April, US Bureau of Economic Analysis	CY04	April 2005





**U.S. Department  
of Labor**  
**Bureau of Labor  
Statistics**

*Bureau of Labor Statistics Data*



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Data extracted on: January 20, 2005 (3:22:42 PM)

**Consumer Price Index - All Urban Consumers**

Series Id: CUURA427SA0, CUUSA427SA0 Not Seasonally Adjusted Area: Anchorage, AK Item: All items Base Period: 1982-84=100															
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1987													108.2	108.3	108.1
1988													108.6	108.4	108.9
1989													111.7	110.9	112.5
1990													118.6	116.9	120.4
1991													124.0	123.3	124.7
1992													128.2	127.3	129.1
1993													132.2	131.5	132.8
1994													135.0	134.3	135.8
1995													138.9	138.2	139.5
1996													142.7	141.8	143.7
1997													144.8	144.1	145.4
1998													146.9	146.7	147.0
1999													148.4	148.6	148.3
2000													150.9	150.0	151.9
2001													155.2	154.4	156.0
2002													158.2	157.5	159.0
2003													162.5	161.1	163.9
2004													166.7	165.6	167.8

Table 1.1 Annual Components Of Population Change For Alaska, 1945-2004.

July 1 To June 30	End of Period Population	Population Change	Average Annual Rate of Change (%)	Components Of Change			Death Rate	Natural Increase	Net Migrants
				Births	Birth Rate	Deaths			
1945-46	103,000			2,050		1,220	830		
1946-47	117,000	14,000	12.73	2,490	24.2	1,200	1,290	12,710	
1947-48	126,000	9,000	7.41	2,890	24.7	1,180	1,710	7,290	
1948-49	132,600	6,600	5.10	3,300	26.2	1,190	2,110	4,490	
1949-50	137,100	4,500	3.34	3,520	27.3	1,220	2,400	2,100	
1950-51	160,000	22,900	15.42	4,110	30.0	1,310	2,800	20,100	
1951-52	185,500	25,500	14.76	5,130	32.1	1,310	3,820	21,680	
1952-53	193,800	8,300	4.38	6,270	33.8	1,280	4,990	3,310	
1953-54	200,100	6,300	3.20	6,910	35.7	1,240	5,670	630	
1954-55	206,500	6,400	3.15	7,190	35.9	1,200	5,990	410	
1955-56	212,400	5,900	2.82	7,480	36.2	1,220	6,260	-360	
1956-57	218,600	6,200	2.88	7,730	36.4	1,240	6,490	-290	
1957-58	220,100	1,500	0.68	7,450	34.1	1,200	6,250	-4,750	
1958-59	224,000	3,900	1.76	6,830	31.0	1,170	5,660	-1,760	
1959-60	230,400	6,400	2.82	7,290	32.5	1,250	6,040	360	
1960-61	236,700	6,300	2.70	7,560	32.8	1,300	6,260	40	
1961-62	242,800	6,100	2.54	7,610	32.2	1,290	6,320	-220	
1962-63	249,900	7,100	2.88	7,670	31.6	1,320	6,350	750	
1963-64	253,200	3,300	1.31	7,480	29.9	1,380	6,100	-2,800	
1964-65	265,200	12,000	4.63	7,170	28.3	1,390	5,780	6,220	
1965-66	271,500	6,300	2.35	6,810	25.7	1,320	5,490	810	
1966-67	277,900	6,400	2.33	6,410	23.6	1,300	5,110	1,290	
1967-68	284,900	7,000	2.49	6,350	22.8	1,317	5,033	1,967	
1968-69	294,600	9,700	3.35	6,670	23.4	1,330	5,340	4,360	
1969-70	308,500	13,900	4.61	7,230	24.5	1,370	5,860	8,040	
1970-71	319,600	11,100	3.53	7,437	24.1	1,444	5,993	5,107	
1971-72	329,800	10,200	3.14	7,129	22.3	1,462	5,667	4,533	
1972-73	336,400	6,600	1.98	6,781	20.6	1,468	5,313	1,287	
1973-74	348,100	11,700	3.42	6,847	20.4	1,467	5,380	1,320	
1974-75	384,100	36,000	9.83	7,275	20.9	1,497	5,778	30,222	
1975-76	409,800	25,700	6.47	7,694	20.0	1,570	6,124	19,576	
1976-77	418,000	8,200	1.98	8,175	19.9	1,612	6,563	1,637	
1977-78	411,600	-6,400	-1.54	8,668	20.7	1,654	7,014	-13,414	
1978-79	413,700	2,100	0.51	9,043	22.0	1,654	7,389	-5,289	
1979-80	419,800	6,100	1.46	9,400	22.7	1,671	7,729	-1,629	
1980-81	434,300	14,500	3.40	9,912	23.6	1,738	8,174	6,326	
1981-82	464,300	30,000	6.68	10,783	24.8	1,775	9,008	20,992	
1982-83	499,100	34,800	7.22	11,728	25.3	1,862	9,866	24,934	
1983-84	524,000	24,900	4.87	12,319	24.7	1,945	10,374	14,526	
1984-85	543,900	19,900	3.73	12,727	24.3	2,033	10,694	9,206	
1985-86	550,700	6,800	1.24	12,556	23.1	2,110	10,446	-3,646	
1986-87	541,300	-9,400	-1.72	11,941	21.7	2,096	9,845	-19,245	
1987-88	535,000	-6,300	-1.17	11,483	21.2	2,073	9,410	-15,710	
1988-89	538,900	3,900	0.73	11,468	21.4	2,088	9,380	-5,480	
1989-90	553,171	14,271	2.61	11,776	21.9	2,142	9,634	4,637	
1990-91	569,054	15,883	2.83	11,798	21.3	2,225	9,573	6,310	
1991-92	586,722	17,668	3.06	11,744	20.6	2,214	9,530	8,138	
1992-93	596,906	10,184	1.72	11,347	19.3	2,477	8,870	1,314	
1993-94	600,622	3,716	0.62	10,978	18.4	2,422	8,556	-4,840	
1994-95	601,581	959	0.16	10,439	17.4	2,500	7,939	-6,980	
1995-96	605,212	3,631	0.60	10,079	16.8	2,707	7,372	-3,741	
1996-97	609,655	4,443	0.73	10,018	16.6	2,574	7,444	-3,001	
1997-98	617,082	7,427	1.21	9,924	16.3	2,642	7,282	145	
1998-99	622,000	4,918	0.79	9,864	16.0	2,609	7,255	-2,337	
1999-00	625,504	3,504	0.56	10,102	16.2	2,829	7,273	-3,769	
2000-01	632,389	6,885	1.09	9,980	16.0	2,934	7,046	-161	
2001-02	640,841	8,452	1.33	9,889	15.6	3,072	6,817	1,635	
2002-03	648,243	7,402	1.15	10,017	15.6	3,098	6,919	483	
2003-04	655,435	7,192	1.10	10,271	15.8	3,030	7,241	-49	

Alaska Department of Labor and Workforce Analysis, Research &amp; Analysis, Demographics Unit.

\* Provisional

**SA04 State income and employment summary -- Alaska**  
(thousands of dollars)

Code	Item	2002	2003
	<i>Income by place of residence (\$000)</i>		
010	Personal Income	20,899,470	21,576,070
011	Nonfarm personal income 1/	20,884,598	21,562,261
012	Farm income 2/	14,872	13,809
020	Population (persons) 3/	641,482	648,818
030	Per capita personal income (dollars) 4/	32,580	33,254
	<i>Derivation of personal income</i>		
035	Earnings by place of work	17,060,606	17,999,642
036	Less: Contributions for government social insurance 5/	1,717,407	1,790,497
037	Employee and self-employed contributions for government social insurance	837,364	879,850
038	Employer contributions for government social insurance	880,043	910,647
042	Plus: Adjustment for residence 6/	-993,023	-1,040,368
045	Equals: Net earnings by place of residence	14,350,176	15,168,777
046	Plus: Dividends, interest, and rent 7/	3,202,433	3,140,304
047	Plus: Personal current transfer receipts	3,346,861	3,266,989
	<i>Components of earnings by place of work</i>		
050	Wage and salary disbursements	11,892,286	12,407,121
060	Supplements to wages and salaries	3,117,547	3,401,728
061	Employer contributions for employee pension and insurance funds	2,237,504	2,491,081
062	Employer contributions for government social insurance	880,043	910,647
070	Proprietors' income 8/	2,050,773	2,190,793
071	Farm proprietors' income	5,033	3,763
072	Nonfarm proprietors' income	2,045,740	2,187,030
	<i>Employment (number of jobs)</i>		
7010	Total employment	410,031	418,211
7020	Wage and salary employment	322,386	327,789
7040	Proprietors employment	87,645	90,422

## Footnotes for Table SA04 (SIC Series 1969-2002)

1. Nonfarm personal income is total personal income less farm income.
2. Farm income is farm earnings less farm employer contributions for government social insurance.
3. Midyear population estimates of the Bureau of the Census.

4. Per capita personal income is total personal income divided by total in-year population.
5. Contributions for government social insurance are included in earnings by type and industry, but they are excluded from personal income.
6. The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: wage and salary disbursements to U.S. residents commuting to Canada less wage and salary disbursements to Canadian and Mexican residents commuting into the United States.
7. Rental income of persons includes the capital consumption adjustment.
8. Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

- All state and local area dollar estimates are in current dollars (not adjusted for inflation).
- (N) Data not available for this year.

Regional Economic Information System  
Bureau of Economic Analysis  
September 2004

## We, the Taxpayers

Heritage's new fight for a Taxpayer Bill of Rights



Heritage's Director of the Thomas A. Roe Institute for Economic Policy Studies, Alison Fraser, discusses federal budget and spending reform with Neil Cavuto on FOX News.

**"A federal Taxpayer Bill of Rights would limit annual spending increases to the inflation rate plus the population growth rate and reserve any budget surpluses for tax relief and debt reduction."**

—Alison Fraser

Stradivarius violins, but I can't do all of that," Fraser explains. "So I have to prioritize and focus on what's most important. That's what we need Congress to do, and that's what the Taxpayer Bill of Rights will force them to do."

Fraser and her Heritage colleagues have crafted a federal version of the Taxpayer Bill of Rights based on Colorado's success, and they are now hard at work to enlighten elected officials on its merits. "Heritage is meeting with members of Congress to educate them about the threat of runaway federal spending and to explain why this is the best solution to this problem," Fraser says.

Heritage supporters can also look forward to seeing this idea debated on TV programs and radio shows and in America's newspapers. "My colleague Brian Riedl and I will be focusing quite a bit on the media," Fraser explains. "We'll be writing op-eds and doing interviews to drive home the need for a Taxpayer Bill of Rights and to highlight the problems of runaway federal spending." ■

Heritage is using your support to lead a new debate over the Taxpayer Bill of Rights—a proposal that would save taxpayers a whopping \$4 trillion over the next decade. That's a lot of bang for your buck. But as Alison Fraser, director of Heritage's Thomas A. Roe Institute for Economic Policy Studies, explains, the Taxpayer Bill of Rights is really a simple idea.

The Taxpayer Bill of Rights would force Congress to zero in on the unbridled growth in federal spending that is piling up huge deficits and crowding out important initiatives such as defense, Medicare and Social Security. And just as the welfare reforms crafted by Heritage and enacted in 1996 were based on successful state programs, the Taxpayer Bill of Rights is tested and proven successful at the state level.

Take Colorado, which enacted the nation's first Taxpayer Bill of Rights in 1992. "Thanks to its strength, Colorado

has seen phenomenal economic growth," Fraser observes. "Colorado's taxes have plummeted while its economic and job growth rates have nearly doubled."

"A federal Taxpayer Bill of Rights would limit annual spending increases to the inflation rate plus the population growth rate and reserve any budget surpluses for tax relief and debt reduction," Fraser reports. "So rather than growing 6.4 percent annually, which was the average during the past five years, federal spending would typically increase by approximately 3.3 percent annually."

Fraser is an expert on federal spending, economic growth and labor policies. But first and foremost, she's a mom—which gives her a unique perspective on the need for the Taxpayer Bill of Rights.

"I would love to take my kids on vacations around the world and—since they're all musicians—buy them

## Kansas Among Worst at Curbing Spending

by Alan Cobb, 5/5/04

I'm proud to be a lifelong Kansan, as well as spokesman for and a member of Americans for Prosperity. My wife and I are graduates of USD 259 and Wichita State University, and our three children go to Kansas public schools. In total, more than 2,000 fine, upstanding Kansans make up Americans for Prosperity.

Last week, the vice president of the Wichita Area Chamber of Commerce voiced his organization's opposition to higher taxes. So did Paola hardware store owner Darryl Taylor, who urged legislators to let him keep more of his hard-earned dollars so he can hire more of his fellow Kansans. Joining them were the National Federation of Independent Business, the Wichita Independent Business Association and many other groups representing thousands of Kansans and Kansas businesses.

But interesting things happen when difficult and emotional issues are publicly debated.

When supporters of tax increases lobby for their cause, they often appeal to emotions and attempt to discredit their opponents. This year's emotion-focused strategy in Kansas is the cry of "outsiders" standing in opposition to a massive tax increase proposed by Kansas legislators.

But we can't let these tactics divert attention from the facts and the very real issues of the continued growth of government spending, the economy and the erosion of Kansas' job (and taxpayer) base.

Last year, Kansas lost 7,200 jobs, according to the U.S. Bureau of Labor Statistics. We fell to 40th in the nation in job growth. These job losses happened after the 2002 tax increase by the Legislature, which raised taxes by \$1 billion over five years. In addition, the U.S. Bureau of Economic Analysis shows that our state's production and Kansans' personal income growth severely lags the rest of the nation. And the Small Business Survival Committee, based in Washington, D.C., reports that Kansas has the sixth-highest number of government employees per citizen, compared with other states.

According to the Kansas Legislative Research Department, the education plan that the House passed this session would have increased taxes by \$1 billion over five years. Government agencies normally use a term of five years to compute impact, because unless taxes have sunsets, their impact will go on and on. Five years is a proper and reasonable time frame.

We can also measure taxes in Kansas by looking at the amount spent by state government. Between 1992 and 2000, state spending per Kansas citizen increased by nearly 55 percent. A study by Raymond Keating of the Small Business Survival Committee found that Kansas ranked 41st in terms of restraining spending. Only nine states did a worse job of holding back the growth of state spending during this period.

If the Legislature wants to increase funding for education, it can. However, it should get the additional funding from existing resources instead of from additional taxes on its citizens and businesses. The legislature must take fiscal responsibility and set priorities, just as Kansas families, seniors and businesses do every day.

Reasonable people can differ on spending priorities and where additional funding for education should be found. But we all must remember that as government spending swells, our prosperity as a state shrinks.

*This article appeared in the Wichita Eagle.*

## New Studies Justify Need for Taxpayer Protections

by Peggy Venable

8/18/04

Ronald Reagan said, "Government may protest that it never gets the money it needs, but it always manages to find a need for the money it gets."

It was his second inaugural address as California governor in 1971 and he was focused on reining in runaway spending. According to a new paper produced by Dr. Barry Poulson, Americans for Prosperity Foundation visiting fellow, state and local spending actually outpaced growth of federal spending over much of the post-WW II period.

The origins of the tax revolt began with a referendum proposed by Reagan to impose a tax and spending limit on California. In 1973, Reagan backed Proposition I, designed to limit the growth of state and local government with voting requirements to increase taxes or exceed the spending limits. He recommended refunds of surplus revenue, provided for an emergency fund and required state funding for state-mandated local spending increases.

Today, it's "round two" as spending limitations in the forms of the Taxpayer's Bill of Rights (TABORs) and tax and expenditure limitations (TEs) are sweeping the country.

The movement is based on the novel concept that the size of government should grow proportionally with the size of the state.

Special interests stand to gain from increased government spending. Lobbyists spend countless hours encouraging legislators to spend more. Some spending, such as education, are generally agreed to be in the common good; though there is wide disagreement on what level of expenditure is appropriate.

Those of us footing the bill are not lobbyists. Citizens are busy earning a living, and have only a vague idea of how government policies impact their pocketbooks -- until the tax bill comes due.

Generally, in good times, government grows. In bad times, government grows.

As part of that earlier tax revolt, Texas enacted a 1978 constitutional amendment which was designed to limit government growth. The measure (Article 8, Section 22) restricted the growth of appropriations from non-dedicated revenues to the rate of growth of the state's economy.

According to a new study issued by the Texas Public Policy Foundation, the loopholes in Texas' spending limitations are huge. In that paper, author Dr. Byron Schlomach finds if real, per capita non-federal Texas expenditures in 2003 were the same as in 1990, Texans could have saved \$8.7 billion in state taxes in 2003. This translates to almost \$1,600 in savings for an average family of four in 2003 alone. And that's only the state tax bill.

The best way to determine how government has grown is adjusting for population and inflation to look at real, per capita expenditures. Using those indicators, state expenditures increased 28.5 percent from 1990 to 2003 in Texas.

Since Texas imposes limits on sales taxes, one could expect that local government growth would be limited. But when compared to 1992 spending, local government spending exceeded population growth and inflation by \$3.5 billion in 2002 alone.

The 1978 Texas constitutional amendment places weak limits on state expenditure increases. The end of the decade of the 1990's found an explosion of local government spending.

Cities vary tremendously in how much they spend beyond population and inflation increases. In El Paso, government spending outpaced those indicators by 42 percent. Dallas was far worse -- real government spending increased 55 percent faster than the benchmarks. Houston's spending increased by a relatively smaller 21 percent -- and a viable tax revolt is underway in Houston.

It is an indisputable fact that public schools have been the government spending growth industry of the 1990's. Per student spending has grown 25 percent over 11 years. That translates to property taxpayers paying \$5.4 billion more than population and inflation growth. That would represent a .40 per \$100 valuation savings, or 28 percent, given the level of 2000-01 state spending.

During periods of rapidly increasing property values, like in the 1990's, the state's education funding obligations fall, freeing state funds for other uses -- a void which was easily filled.

But let there be no mistake that state spending for education has grown 500 percent since 1976. Advocates of more public school spending have been successful in exploiting the state's declining share claiming the state is "not living up to its obligations" and that schools are "underfunded." They fail to mention that the state funding has increased annually.

If ever there is a case to be made for spending limitations, it's the Texas public education system.

One of the key provisions of a TEL is to provide opportunity for policymakers to return a surplus to the taxpayers or to "make their case" and seek approval for increasing spending. Only when required to ask taxpayers for more of our hard-earned money will government be held accountable.

For Texas taxpayers to rest easily, Texas needs to enact real tax and expenditure limitations which provide for government growth at all levels commensurate to population and inflation increases.

## Oklahoma TABOR: Let's Adapt Colorado's Plan

By Barry Poulson, Ph.D., and Brandon Dutcher

9/15/04

In "Rocky stop; Colorado blocks rebate repeal try" (Our Views, Aug. 10), The Oklahoman extolled Colorado's "Taxpayers' Bill of Rights" (TABOR) and said Oklahoma needs one, too. We agree.

Oklahoma's business leaders worked hard to get right to work and are working hard for tort reform and workers' compensation reform. But if we want to turbocharge the state's economy, an Oklahoma TABOR would be as good or better.

Colorado's TABOR Amendment is widely regarded as the most effective tax and spending limit in the country. Since TABOR was passed in 1992, state government in Colorado has grown less rapidly than state income. More than \$3 billion in surplus revenue has been returned to taxpayers through rebates and tax cuts. Over much of the past decade, economic growth in Colorado was among the highest in the nation.

Several key provisions should be introduced in a TABOR for Oklahoma:

- It should be constitutional rather than statutory.
- Voter approval should be required for any increase in taxes or debt.
- The growth of government at all levels should be limited to the sum of inflation and population growth.
- Surplus revenue above that limit should be returned to taxpayers through tax rebates or cuts.

An Oklahoma TABOR could stabilize the budget over the business cycle and constrain the growth of government. The TABOR limit can be linked to the rainy day fund. When the economy is experiencing rapid economic growth, as it did in the 1990s, a portion of the surplus revenue can be allocated to that fund. When a recession hits, the revenue shortfalls can be offset by transfers from the rainy day fund to stabilize spending and balance the budget.

Several recent studies reveal how TABOR could benefit the Oklahoma economy. Economist Stephen Moore has shown that with TABOR the state would have generated almost \$4 billion in surplus revenue over the past decade. Another study shows how a TABOR limit linked to a rainy day fund would have stabilized the budget over the business cycle.

An Oklahoma TABOR can be designed to achieve any desired tradeoff between constraining the growth of government and reducing the tax burden, and stabilizing the budget. The debate over TABOR can be understood in terms of a battle between citizens and special interests -- that is, between taxpayers and tax consumers. Taxpayers want to limit the burden imposed by government taxation and spending. Special interests seek to preserve what they perceive to be their rights to that spending.

Clearly, state government has to grow to keep up with population growth and inflation. That is a reasonable benchmark. But if politicians think it should grow faster than that, it's up to them to explain why. They'll have a tough go of it.

A survey conducted in May confirmed Oklahomans' fiscal conservatism. Voters think taxes are too high. They think state government is too big and wastes too much money. By a wide margin, they prefer cutting state spending to raising taxes. An overwhelming 88 percent of them believe state spending should grow at the same rate or slower than family income. And they favor an Oklahoma TABOR by a margin of 73 percent to 18 percent.

Of course, the battle for Oklahoma's TABOR won't be easy. Tax consumers won't go down without a fight. Some of their objections will be valid and some will be ridiculous, but all of them either have been answered or will be answered.

Ronald Reagan launched the tax limitation movement in California more than three decades ago. Let's make sure that when the Gipper's birthday arrives next Feb. 6, our state legislators are preparing to hold hearings on a TABOR for Oklahoma.

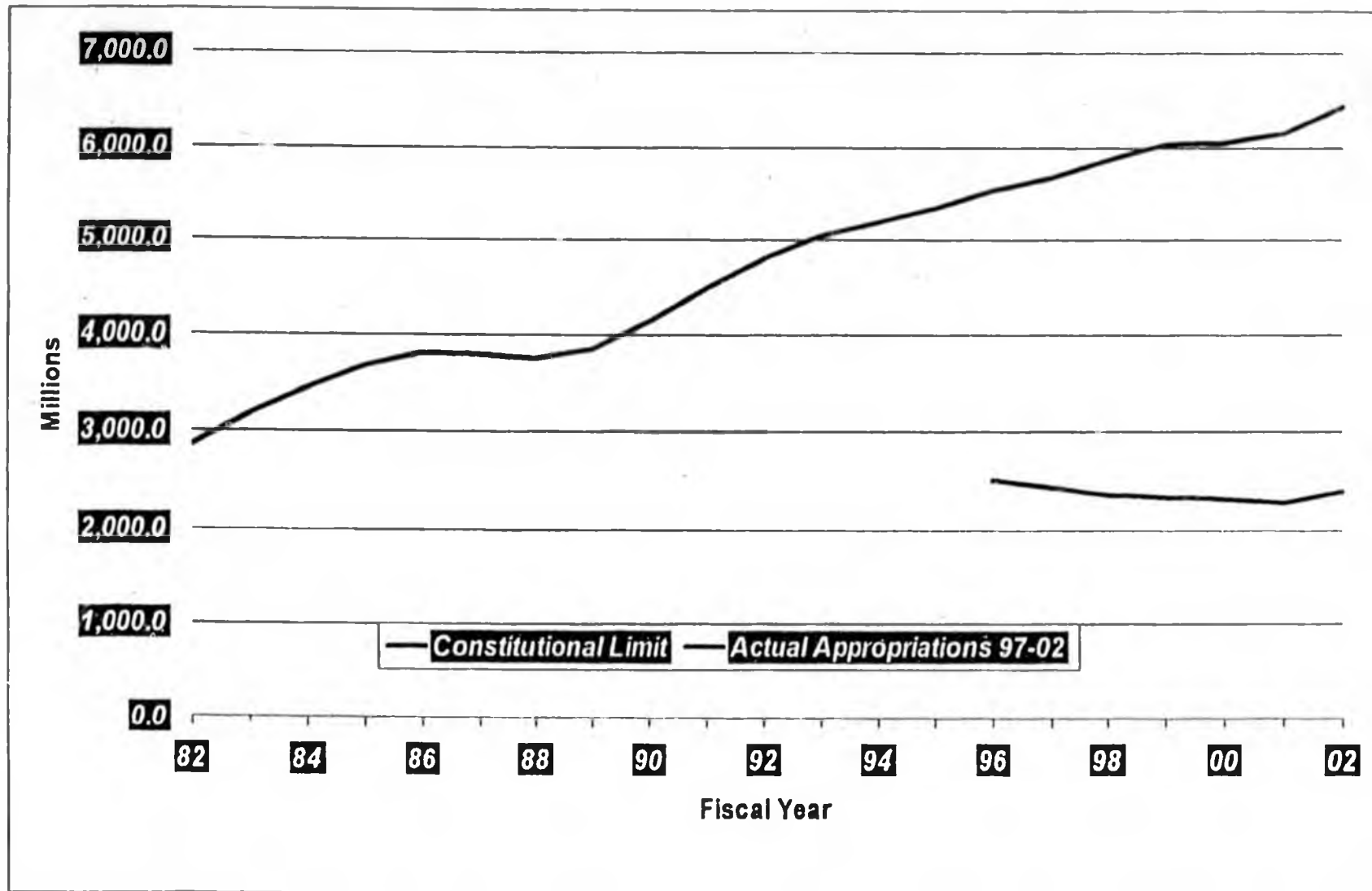
*Dr. Barry Poulson is a distinguished scholar with Americans for Prosperity Foundation.*

**Existing Alaska Constitution**  
(To be repealed and replaced by SJR 1)

Section 9.16 - Appropriation Limit.

Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

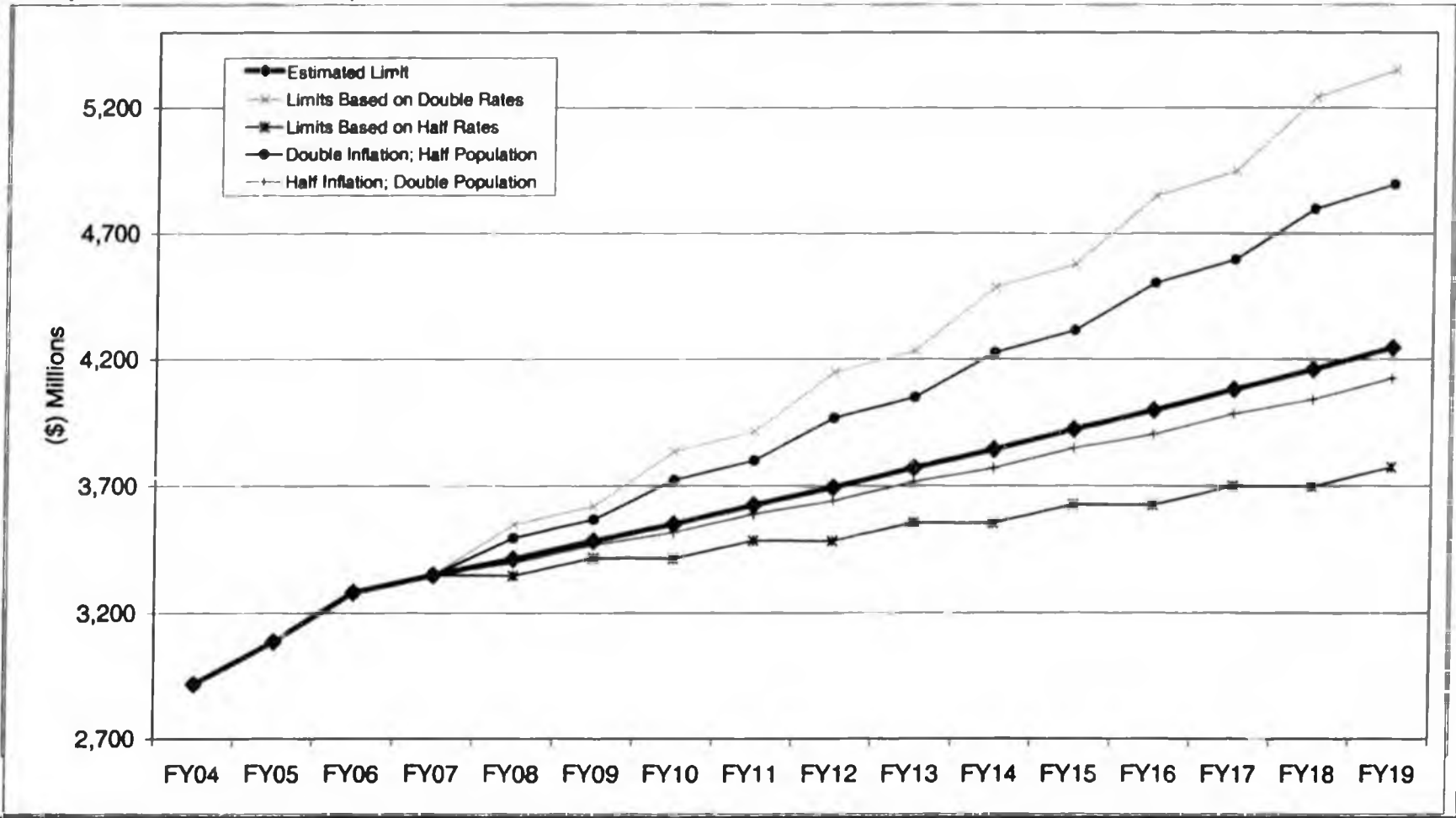
# The Current Spending Limit vs Recent Appropriations



### Projected Impacts of Various Population Inflation Rates of Growth

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	<b>Fixed Variables:</b>																
2	Inflation = 3%																
3	Population = 1%																
4	<b>Fiscal Year</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
5	Estimated Limit	2,917	3,086	3,282	3,350	3,414	3,485	3,552	3,625	3,695	3,772	3,844	3,924	3,999	4,082	4,160	4,246
6	annual growth		169	196	68	64	71	67	74	69	77	72	80	75	83	78	86
7	annual % change			6.35%	2.08%	1.92%	2.08%	1.92%	2.08%	1.92%	2.08%	1.92%	2.08%	1.92%	2.08%	1.92%	2.08%
8	Limits Based on Double Rates	2,917	3,086	3,282	3,350	3,548	3,622	3,837	3,916	4,148	4,234	4,485	4,578	4,849	4,950	5,243	5,352
9	Limits Based on Half Rates	2,917	3,086	3,282	3,350	3,348	3,417	3,415	3,466	3,484	3,556	3,553	3,627	3,625	3,700	3,698	3,774
10	Double Inflation; Half Population	2,917	3,086	3,282	3,350	3,496	3,569	3,725	3,802	3,968	4,050	4,227	4,315	4,503	4,596	4,797	4,896
11	Half Inflation; Double Population	2,917	3,086	3,282	3,350	3,398	3,468	3,518	3,591	3,642	3,717	3,770	3,849	2,904	3,985	4,041	4,125

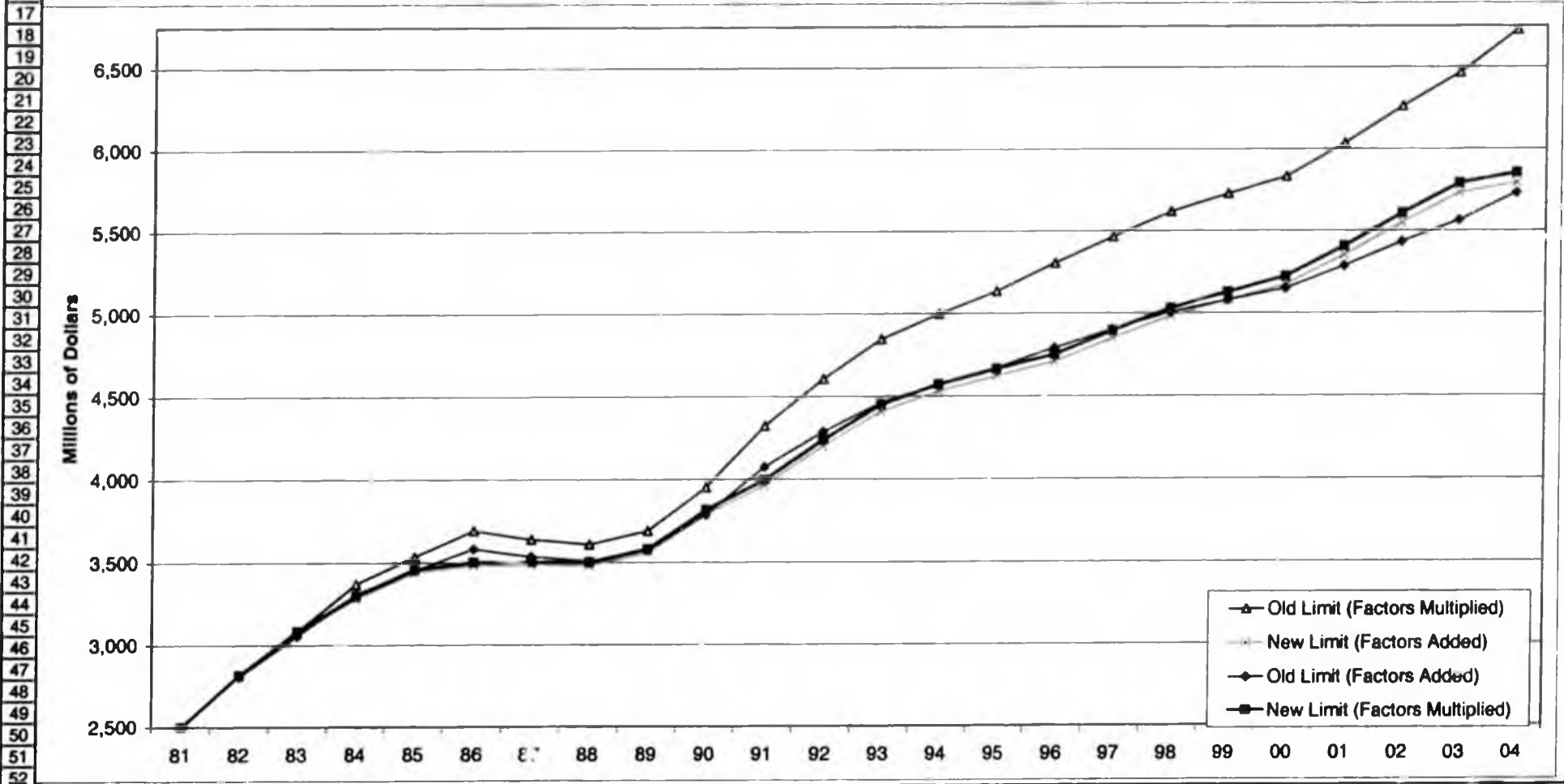
12 This chart does not reflect impact of "No Ratchet Down" provision nor the "Inflation less than or equal to Income" provision.  
 13 Red numbers (FY04 - FY07) are fixed; they are not formulaic.  
 14 FY04 actuals represent the same exclusions as proposed under SJR 1; Governor's FY06 Proposed budget = \$3,282. 3%    1%  
 15 Stair step results from no "ratchet down" provision.



**Comparison of Limits Applied to Historical Factors**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Fiscal Year	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95
2	Cumulative Change in Inflation		5.4%	7.4%	11.8%	12.9%	16.5%	16.8%	17.2%	18.9%	24.1%	31.9%	36.4%	41.0%	44.6%	48.3%
3	Cumulative Change in Population		6.9%	14.9%	20.7%	25.2%	26.8%	24.6%	23.2%	24.1%	27.4%	31.0%	35.1%	37.4%	38.3%	38.5%
4	Old Limit (Factors Added)	2,500	2,808	3,057	3,311	3,453	3,581	3,535	3,510	3,576	3,788	4,074	4,286	4,461	4,572	4,670
5	Proposed Limit (Factors Multiplied)	2,500	2,817	3,084	3,300	3,458	3,502	3,502	3,502	3,580	3,817	3,995	4,236	4,449	4,571	4,663
6	Old Limit (Factors Multiplied)	2,500	2,817	3,084	3,372	3,534	3,692	3,639	3,610	3,690	3,953	4,322	4,606	4,845	4,999	5,134
7	Proposed Limit (Factors Added)	2,500	2,808	3,070	3,282	3,438	3,481	3,481	3,481	3,558	3,790	3,965	4,201	4,410	4,530	4,621
8																
9	End of Year Population	434,300	464,300	499,100	524,000	543,900	550,700	541,300	535,000	538,900	553,171	569,054	586,722	596,906	600,622	601,581
10	Incremental Change Population		6.9%	7.5%	5.0%	3.8%	1.3%	-1.7%	-1.2%	0.7%	2.6%	2.9%	3.1%	1.7%	0.6%	0.2%
11	End of Year CPI	92.4	97.4	99.2	103.3	104.3	107.6	107.9	108.3	109.9	114.7	121.9	126	130.3	133.6	137
12	Incremental Change CPI		5.4%	1.8%	4.1%	1.0%	3.2%	0.3%	0.4%	1.5%	4.4%	6.3%	3.4%	3.4%	2.5%	2.5%
13	End of Year Personal Income	\$15,988	\$17,951	\$18,764	\$19,120	\$19,895	\$19,578	\$19,286	\$20,167	\$21,959	\$22,809	\$23,208	\$23,868	\$24,642	\$25,161	\$25,624
14	Percent Change Personal Income		12.4%	4.5%	1.9%	4.1%	-1.6%	-1.5%	4.6%	8.9%	3.9%	1.7%	2.8%	3.2%	2.1%	1.8%

15 FY81 fixed at \$2,500; FY87 & FY88 would have been held constant due to "no ratchet down" provision under proposed limit;  
 16 FY84, 86, 90, 91, 92, 93, 94, 95, 96, & 04 would have been limited by percent change of income provision under proposed limit.



Comparison of Limits Applied to Historical Factors

	Q	R	S	T	U	V	W	X	Y
1	96	97	98	99	00	01	02	03	04
2	52.3%	55.7%	58.1%	60.0%	61.5%	65.8%	69.7%	73.3%	78.4%
3	39.4%	40.4%	42.1%	43.2%	44.5%	45.8%	47.8%	49.3%	50.9%
4	4,791	4,909	5,005	5,079	5,149	5,285	5,431	5,563	5,732
5	4,750	4,894	5,030	5,129	5,223	5,405	5,606	5,790	5,854
6	5,305	5,465	5,617	5,727	5,833	6,036	6,260	6,466	6,729
7	4,707	4,849	4,982	5,080	5,173	5,352	5,549	5,730	5,793
8									
9	605,212	609,655	617,082	622,000	627,504	632,389	640,841	648,280	655,435
10	0.6%	0.7%	1.2%	0.8%	0.9%	0.8%	1.3%	1.2%	1.1%
11	140.7	143.8	146.1	147.8	149.2	153.2	156.8	160.1	164.8
12	2.7%	2.3%	1.5%	1.2%	0.9%	2.7%	2.3%	2.1%	2.9%
13	\$25,948	\$26,904	\$27,687	\$28,226	\$29,867	\$31,889	\$32,613	\$33,282	\$33,265
14	1.3%	3.7%	2.9%	1.9%	5.8%	6.7%	2.3%	2.1%	-0.1%
15	FY04 Income Estimate								
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**Sensitivity Analysis**  
**Appropriations Limit Based on FY04 Appropriations**  
 Additive Formula

	A	B	C	D	E	F	G	H	I	J	K
1	<b>Percent Change Inflation</b>										
2		<b>\$2,917</b>	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
3	<b>Percent Change Population</b>	0.0%	\$2,917.1	\$2,946.3	\$2,975.4	\$3,004.6	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5
4		1.0%	\$2,946.3	\$2,975.4	\$3,004.6	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6
5		2.0%	\$2,975.4	\$3,004.6	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8
6		3.0%	\$3,004.6	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0
7		4.0%	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0	\$3,267.2
8		5.0%	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0	\$3,267.2	\$3,296.3
9		6.0%	\$3,092.1	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0	\$3,267.2	\$3,296.3	\$3,325.5
10		7.0%	\$3,121.3	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0	\$3,267.2	\$3,296.3	\$3,325.5	\$3,354.7
11		8.0%	\$3,150.5	\$3,179.6	\$3,208.8	\$3,238.0	\$3,267.2	\$3,296.3	\$3,325.5	\$3,354.7	\$3,383.8
12											
13	NOTE: This chart is intended to reflect the affect of various inflation and population percentages. It does not										
14	reflect the impact of the "No Ratchet Down" provision nor the inflation less than or equal to income limitation.										

**Sensitivity Analysis**  
**Appropriations Limit Based on FY04 Appropriations**  
 Multiplication Formula

	A	B	C	D	E	F	G	H	I	J	K
1	<b>Percent Change Inflation</b>										
2		<b>\$2,917</b>	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
3	<b>Percent Change Population</b>	0.0%	\$2,917.1	\$2,946.3	\$2,975.4	\$3,004.6	\$3,033.8	\$3,063.0	\$3,092.1	\$3,121.3	\$3,150.5
4		1.0%	\$2,946.3	\$2,975.7	\$3,005.2	\$3,034.7	\$3,064.1	\$3,093.6	\$3,123.0	\$3,152.5	\$3,182.0
5		2.0%	\$2,975.4	\$3,005.2	\$3,035.0	\$3,064.7	\$3,094.5	\$3,124.2	\$3,154.0	\$3,183.7	\$3,213.5
6		3.0%	\$3,004.6	\$3,034.7	\$3,064.7	\$3,094.8	\$3,124.8	\$3,154.8	\$3,184.9	\$3,214.9	\$3,245.0
7		4.0%	\$3,033.8	\$3,064.1	\$3,094.5	\$3,124.8	\$3,155.1	\$3,185.5	\$3,215.8	\$3,246.1	\$3,276.5
8		5.0%	\$3,063.0	\$3,093.6	\$3,124.2	\$3,154.8	\$3,185.5	\$3,216.1	\$3,246.7	\$3,277.4	\$3,308.0
9		6.0%	\$3,092.1	\$3,123.0	\$3,154.0	\$3,184.9	\$3,215.8	\$3,246.7	\$3,277.7	\$3,308.6	\$3,339.5
10		7.0%	\$3,121.3	\$3,152.5	\$3,183.7	\$3,214.9	\$3,246.1	\$3,277.4	\$3,308.6	\$3,339.8	\$3,371.0
11		8.0%	\$3,150.5	\$3,182.0	\$3,213.5	\$3,245.0	\$3,276.5	\$3,308.0	\$3,339.5	\$3,371.0	\$3,402.5
12											
13	NOTE: This chart is intended to reflect the affect of various inflation and population percentages. It does not										
14	reflect the impact of the "No Ratchet Down" provision nor the inflation less than or equal to income limitation.										