

SJR

4

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/26/05

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. 4

SJR 4 CONST AM: BUDGET RESERVE FUND

Proposing amendments to the Constitution of the State of Alaska relating to the budget reserve fund and to uses of money in the general fund available for appropriation at the end of each fiscal year; and providing for an effective date for the amendments.

and recommends:

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

Senate Bill:	
<input 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):

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

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:				



SENATOR FRED DYSON

Sponsor Statement

“A Resolution Proposing an Amendment to the Budget Reserve Fund”

January 10, 2005

Contact: Lucky Shultz at Senator Fred Dyson's office (907) 465-2199

The constitutional budget reserve is a key component of the state's long-term fiscal plan. It provides a mechanism for collecting and saving excess funds in good years to be used those years when revenues fall short of the state's expected expenditures. However, because deposits to the fund come from a host of various sources, the current total amount residing in the fund is not easily identified or widely known by most Alaskans. Furthermore, in most of the last several years, funds from the account have been withdrawn in order to meet annual budget gaps between what the state wants to spend and what it has available to spend. This compounds the problem of determining the fund's total assets versus the amount due to be repaid, if ever, in future years.

The constitution currently states that whenever appropriations are made from the fund, excess revenues in the general fund are not available for other uses until all withdrawals are repaid. Withdrawals to date exceed \$6,000,000,000, and must be entirely repaid before excess general fund revenues can be used elsewhere.

This proposed amendment establishes a cap on repayments to the fund. When the total amount of the fund equates to \$5,000,000,000 regardless of the source of deposits to the fund, no further repayments are required until such time as the total amount in the fund drops below the \$5,000,000,000 repayment cap. Note that this does not prohibit the fund from growing beyond \$5,000,000,000 as a result of deposits from the various other sources or from earned income. It merely makes a provision for redirecting excess general revenue funds to address critical short-term needs when the amount of the constitutional budget reserve is greater than \$5,000,000,000 while providing an acceptable cushion for addressing possible budget shortfalls.

This amendment accomplishes a number of things. It sets an easily defined target, which all citizens can easily monitor to determine the fiscal health of both the fund and the state. Once repayment target is achieved, it provides for funding which will be made available to grow the Permanent Fund, provides for distribution to Alaskans in the form of a supplement to their Permanent Fund Dividend, and provides a source of funds to address deferred maintenance of schools, roads, and highways, a growing concern of Alaskans. Finally, it retains a sufficient level of funding to meet any forecast budget demands for years to come, continues to require tight fiscal management by Alaska's state government, and provides funding for critical near term needs.

Approval of this amendment does not mean that withdrawals are forgiven. Rather, the constitutionally mandated repayments are merely redirected in a manner more clearly understood as part of the state's plan for addressing long-term issues.

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						
TOTAL OPERATING	0.0	1.5	0.0	0.0	0.0	0.0

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

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

Estimate of any current year (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 this 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