

**ALASKA LEGISLATURE**

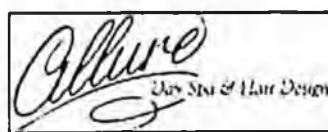
**2760**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

. . . and now the challenge  
to our Governor and to the Legislature

- It's time to recognize the power of the Earnings Reserve.
- It's time to have the courage, when needed, to use the Earnings Reserve.
- We're elected to work hard, get smart, and make the right decisions for the people of Alaska,
  - *That's why we're here. . .*

Thank you  
Gary Wilken



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Anchorage Daily News

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## Opinion

*(Published: June 14, 2004)*

Stick with democracy

State fiscal fix needs to happen; constitutional juggling doesn't

Democracy is both hard to do and worth the trouble. It works, when it's applied. So why not trust it?

That's the question to ask about proposals to find a series of constitutional amendments that would buy off enough votes in the Alaska Senate for a state fiscal plan -- but at the price of less democracy and accountability.

All this comes up in the effort to round up votes and ideas before next week's legislative special session. Some people just can't resist trying to rig Alaska's democracy their way -- by demanding permanent constitutional protection for something that ought to be a continuing policy decision.

Here are the general outlines of a deal being pursued: The governor would get his 5 percent of market value plan for managing the Alaska Permanent Fund and new revenues for government. Democrats would get a 60-40 split enshrined in the constitution to provide generous dividends as close to forever as government can provide. Republicans would get a constitutional spending limit intended to prevent a future spending spree.

What's wrong with all that? Only that putting it in the constitution is unnecessary, that it assumes this crop of politicians is smarter than all future ones, and that it would be a classic case of legislative overreach.

Why not use the constitution we already have? Why not insist this Legislature use its existing authority to solve a problem everyone understands just fine -- rather than usurp the authority of future legislatures to address problems nobody can predict?

Republicans make a mistake by seeking a spending limit that inevitably would distort future decisions. Democrats make a mistake by demanding enshrinement of a particular split for dividends versus state services. Both would be better off to resist the urge to clutter up the constitution and just do their work: restoring balance to state finances. Then they could go home with the satisfaction of a job well done.

**BOTTOM LINE:** Fix the fiscal gap, but leave the constitutional juggling act out of it.

Provided by Gary Wilken

**Subject: Anchorage Daily News**

**Date: Wed, 23 Jun 2004 09:00:09 -0800**

**From: "Walter J. Hickel" <wjhickel@gci.net>**

**To: Senator\_Gary\_Wilken@legis.state.ak.us**

Good morning Senator Wilken:

I totally agree with your statement as reported in today's Anchorage paper. A solution to the state's current budget problems does not belong in the constitution.

The legislature was empowered by the constitution and given the legal standing in statute to make these decisions. Nor do they require a vote of the people.

God Bless.

Wally

Provided by Gary Wilken



# RECORDS CERTIFICATION



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*William J. Carter*

\_\_\_\_\_  
Signature of Camera Operator

*5/18/2005*

\_\_\_\_\_  
Date

**SJR**

**3**

**SFIN**

**FILE**

## SENATE FINANCE COMMITTEE REPORT

DATE: 5/15/03

REPORTED OUT  
  
APR 05 2004  
  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 5 April 2004

Finance Committee considered SENATE JOINT RESOLUTION NO. 3

### SJR 3 CONST AM: APPROPRIATION/SPENDING LIMIT

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

and recommends:

- be replaced with \_\_\_\_\_ CS SJR 3 (FIN)
- adopt previous \_\_\_\_\_ CS CS Forthcoming (\_\_\_\_\_)
- 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
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

| Department | Date    | Fiscal | Zero | FN# |
|------------|---------|--------|------|-----|
| Gov.       | 1/28/04 | 1.5    |      |     |
|            |         |        |      |     |
|            |         |        |      |     |
|            |         |        |      |     |
|            |         |        |      |     |

**PREVIOUS FISCAL NOTE(S):**

| Department | Date | Fiscal | Zero | FN# |
|------------|------|--------|------|-----|
|            |      |        |      |     |
|            |      |        |      |     |
|            |      |        |      |     |
|            |      |        |      |     |
|            |      |        |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | Do PASS                             | Do NOT PASS                         | No REC                              | AMEND                               |
|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <i>[Signature]</i>              | <input checked="" type="checkbox"/> |                                     |                                     |                                     |
| <i>[Signature]</i>              |                                     | <input checked="" type="checkbox"/> |                                     |                                     |
| <i>[Signature]</i>              | <input checked="" type="checkbox"/> |                                     |                                     | <input checked="" type="checkbox"/> |
| <i>[Signature]</i>              | <input checked="" type="checkbox"/> |                                     |                                     |                                     |
| COCHAIR: <i>[Signature]</i>     |                                     |                                     | <input checked="" type="checkbox"/> |                                     |
| COCHAIR: <i>[Signature]</i>     |                                     |                                     | <input checked="" type="checkbox"/> |                                     |

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:  
Referred:

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  
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

1 may pass an appropriation that exceeds the appropriation limit under this section to  
2 address the extraordinary circumstance. The declaration shall identify the specific  
3 extraordinary circumstance, specify the amount of each appropriation the governor  
4 requests, and identify the time period during which expenditures under each  
5 appropriation will be made.

6 (f) If the legislature, by law, declares that an extraordinary circumstance  
7 exists, upon the affirmative vote of at least two-thirds of the members of each house,  
8 the legislature may pass an appropriation that exceeds the appropriation limit under  
9 this section to address the extraordinary circumstance. Notwithstanding Section 17 of  
10 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
11 not become law unless signed by the governor.

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

14 **Section 30. Application, Transition, and Repeal.** (a) The 2004 amendment  
15 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
16 for fiscal year 2006. However, for purposes of making calculations under the  
17 appropriation limit for fiscal years 2006 through 2008 it shall be assumed that,  
18 excluding appropriations listed under Section 16(c) of Article IX, the amount  
19 appropriated for

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

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

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

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

REPORTED OUT

APR 05 2004

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SJR3  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: OOG  
Title Constitutional Amendment relating to RDU Elections  
an appropriation and spending limit \_\_\_\_\_ Component Elections  
Sponsor Senator Dyson  
Requester Senate Finance 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          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>1.5</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                      |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|
| 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) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>1.5</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

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: Leonard G. Jones Phone 465-3051  
Division: Division of Elections Date/Time 1/28/04 9:49 AM  
Approved by: Laura A. Glaiser, Director Date 1/28/2004  
Agency: Office of the Lt. Governor, Division of Elections

4 SENATE FINANCE COMMITTEE  
105/2003 COMMITTEE ACTION

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

Removed

FINANCE  
COMMITTEE  
Amendment Number: #1  
Number: SSR 3  
Author: Dyson Date: 3/22/04  
Introduced By: Robin

ADOPTED  
3/24/04

23-LS0296\B.1  
Cook  
3/23/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 2, lines 14 - 15:  
2 Delete all material and insert:  
3 "(3) of money received by the State from a source other than the State  
4 or federal government that is restricted to a specific use by the terms of a gift, grant,  
5 bequest, or contract;"  
6  
7 Page 2, line 21, following " ;":  
8 Delete "and"  
9  
10 Page 2, following line 21:  
11 Insert a new paragraph to read:  
12 "(9) of money for expenditure by a State agency to provide services to  
13 another State agency that has also received an appropriation of the same money; and"  
14  
15 Page 2, line 22:  
16 Delete "(9)"  
17 Insert "(10)"

SENATE FINANCE  
COMMITTEE

Amendment Number: # 2

Bill Number: SSR 3

Sponsor: Dyson Date: 3/22/04

Filed In By: Robin

23-LS0296\B.2

Cook  
3/23/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

1 Page 3, line 3, following "fund":

- 2       Insert "if the balance in the fund is less than \$2,000,000,000. The amount
- 3 deposited into the budget reserve fund under this subsection shall not exceed the amount
- 4 that, when added to the balance in the fund before the deposit, equals \$2,000,000,000.
- 5 After the deposit is made under this subsection, any excess general fund money shall be
- 6 deposited into a budget reserve fund established by statute"

SENATE FINANCE  
COMMITTEE

Amendment Number: # 3  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/25/04  
Logged In By: Robin

23-LS0296B.3  
Cook  
3/25/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

1 Page 1, line 6, following "section":

2 Insert "and except as provided in (d) and (e) of this section"

3

4 Page 2, lines 23 - 29:

5 Delete all material and insert:

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

9 (e) If the governor declares that an extraordinary circumstance exists, upon the  
10 affirmative vote of at least two-thirds of the members of each house, the legislature  
11 may adopt an appropriation that exceeds the appropriation limit under this section to  
12 address the extraordinary circumstance. The declaration shall identify the specific  
13 extraordinary circumstance, specify the amount of each appropriation the governor  
14 requests, and identify the time period during which expenditures under each  
15 appropriation will be made."

SENATE FINANCE COMMITTEE  
3/26/2008 COMMITTEE ACTION

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

SENATE FINANCE  
COMMITTEE #4  
Amendment Number:             
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/25/04  
Logged In By: Robin

ADOPTED

23-LS0296B.4  
Cook  
3/25/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 1, line 2:
- 2 Delete ", and to deposits into the budget reserve fund"
- 3
- 4 Page 2, line 30, through page 3, line 4:
- 5 Delete all material.
- 6
- 7 Renumber the following resolution sections accordingly.
- 8
- 9 Page 3, lines 9 - 11:
- 10 Delete "The 2004 amendment relating to deposits to the budget reserve fund (art. IX,
- 11 sec. 17(d)) first applies at the end of the fiscal year 2005 and applies thereafter."

SENATE FINANCE COMMITTEE  
3 /26/ 2004 COMMITTEE ACTION

|                            |          |             |   |
|----------------------------|----------|-------------|---|
| Bill Number                | SJR 3    |             |   |
| Amendment                  | #4       |             |   |
| Motion                     | to ADOPT |             |   |
| <u>Motion by</u>           | DYSON    |             |   |
| <u>Objection by</u>        | WILKEN   |             |   |
| <u>Removed</u>             | ✓        |             |   |
| <u>Second Objection by</u> |          |             |   |
| <u>Committee Member</u>    | Y        | <u>Vote</u> | N |
| Senator Bunde              |          |             |   |
| Senator Dyson              |          |             |   |
| Senator Hoffman            |          |             |   |
| Senator Olson              |          |             |   |
| Senator Stevens            |          |             |   |
| Co-Chair Green             |          |             |   |
| Co-Chair Wilken            |          |             |   |
| <u>Tally</u>               |          |             |   |
| Yea                        |          |             |   |
| Nay                        |          |             |   |
| Absent                     |          |             |   |
| <u>MOTION</u>              | ADOPTED  |             |   |

SENATE FINANCE  
COMMITTEE

Adopted

Amendment Number: #5  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/26/04  
Logged in By: Robin

23-LS0296B.5  
Cook  
3/25/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 3, line 7:
- 2 Delete "Reconsideration"
- 3 Insert "Repeal"
- 4
- 5 Page 3, line 9:
- 6 Delete "and applies thereafter"
- 7
- 8 Page 3, lines 12 - 17:
- 9 Delete all material and insert:
- 10 "(b) Section 16 of Article IX (appropriation limit) is repealed on July 1,
- 11 2009."

SENATE FINANCE COMMITTEE  
3/31 / 2003 COMMITTEE ACTION

|                            |                         |             |   |
|----------------------------|-------------------------|-------------|---|
| Bill Number                | SJR3                    |             |   |
| Amendment                  | #5                      |             |   |
| Motion                     | adpt                    |             |   |
| <u>Motion by</u>           | <del>Wilken</del> Dyson |             |   |
| <u>Objection by</u>        | Wilken                  |             |   |
| <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                     |                         |             |   |
| <u>MOTION</u>              | PASS                    |             |   |

SENATE FINANCE  
COMMITTEE

NOT OFFERED

Amendment Number: #6  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/26/04  
Logged In By: Robin

23-LS0296\B.6  
Cook  
3/25/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 3, line 7:
- 2 Delete "Reconsideration"
- 3 Insert "Repeal"
- 4
- 5 Page 3, line 9:
- 6 Delete "and applies thereafter"
- 7
- 8 Page 3, lines 12 - 17:
- 9 Delete all material and insert:
- 10 "(b) On July 1, 2009, Section 16 of Article IX (appropriation limit) is repealed
- 11 and readopted as it read on January 1, 2003."

SENATE FINANCE  
COMMITTEE  
Amendment Number: #7  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/29/04  
Logged In By: Mindy

adopted

23-LS0296B.7  
Cook  
3/26/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

1 Page 1, line 6, following "section":

2 Insert "and except as provided in (d), (e), and (f) of this section"

3

4 Page 2, lines 23 - 29:

5 Delete all material and insert:

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

9 (e) If the governor declares that an extraordinary circumstance exists, upon the  
10 affirmative vote of at least two-thirds of the members of each house, the legislature  
11 may pass an appropriation that exceeds the appropriation limit under this section to  
12 address the extraordinary circumstance. The declaration shall identify the specific  
13 extraordinary circumstance, specify the amount of each appropriation the governor  
14 requests, and identify the time period during which expenditures under each  
15 appropriation will be made.

16 (f) If the legislature, by law, declares that an extraordinary circumstance  
17 exists, upon the affirmative vote of at least two-thirds of the members of each house,  
18 the legislature may pass an appropriation that exceeds the appropriation limit under  
19 this section to address the extraordinary circumstance. Notwithstanding Section 17 of  
20 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
21 not become law unless signed by the governor."

SENATE FINANCE COMMITTEE  
3/31/2003 COMMITTEE ACTION

|                            |             |             |   |
|----------------------------|-------------|-------------|---|
| Bill Number                | SUR3        |             |   |
| Amendment                  | #7          |             |   |
| Motion                     | adopt       |             |   |
| <u>Motion by</u>           | Dyson       |             |   |
| <u>Objection by</u>        | J<br>Wilken |             |   |
| <u>Removed</u>             | ✓           |             |   |
| <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>              | Pass        |             |   |

Adopted

SENATE FINANCE  
COMMITTEE  
Amendment Number: #8  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/29/04  
Logged In By: Mindu

23-LS0296\B.8  
Cook  
3/26/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 2, line 21:
- 2 Delete "and"
- 3
- 4 Page 2, following line 21:
- 5 Insert "(9) of money previously appropriated for a different purpose or to a different
- 6 recipient; and"
- 7
- 8 Page 2, line 22:
- 9 Delete "(9)"
- 10 Insert "(10)"

SENATE FINANCE COMMITTEE  
3B/2003 COMMITTEE ACTION

|                            |        |             |   |
|----------------------------|--------|-------------|---|
| Bill Number                | SJR3   |             |   |
| Amendment                  | #8     |             |   |
| Motion                     | adopt  |             |   |
| <u>Motion by</u>           | Dyson  |             |   |
| <u>Objection by</u>        | Wilken |             |   |
| <u>Removed</u>             | ✓      |             |   |
| <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>              | Pass   |             |   |

SENATE FINANCE  
COMMITTEE  
Amendment Number: #9  
Bill Number: SJR 3  
Sponsor: Dyson Date: 3/30/04  
Logged In By: Robins

adopted

23-LS0296\B.9  
Cook  
3/29/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3( ), Draft Version "B"

1 Page 3, line 7, following "Application":

2 Insert ", Transition,"

3

4 Page 3, line 9, following "thereafter.":

5 Insert "However, for purposes of making calculations under the appropriation limit for  
6 fiscal years 2006 through 2008 it shall be assumed that, excluding appropriations listed under  
7 Section 16(c) of Article IX, the amount appropriated for

8 (1) fiscal year 2004 equals \$3,300,000,000; and

9 (2) fiscal year 2005 equals \$3,400,000,000.

10 (b)"

11

12 Page 3, line 12:

13 Delete "(b)"

14 Insert "(c)"

SENATE FINANCE COMMITTEE  
3/31/2004 COMMITTEE ACTION

|                            |          |             |          |
|----------------------------|----------|-------------|----------|
| Bill Number                | SJR3     |             |          |
| Amendment                  | #9       |             |          |
| Motion                     | adopted  |             |          |
| <u>Motion by</u>           | Dyson    |             |          |
| <u>Objection by</u>        | Wilken   |             |          |
| <u>Removed</u>             | ✓        |             |          |
| <u>Second Objection by</u> |          |             |          |
| <u>Committee Member</u>    | <u>Y</u> | <u>Vote</u> | <u>N</u> |
| Senator Bunde              |          |             |          |
| Senator Dyson              |          |             |          |
| Senator Hoffman            |          |             |          |
| Senator Olson              |          |             |          |
| Senator Stevens            |          |             |          |
| Co-Chair Green             |          |             |          |
| Co-Chair Wilken            |          |             |          |
|                            |          |             |          |
| <u>Tally</u>               |          |             |          |
| Yea                        |          |             |          |
| Nay                        |          |             |          |
| Absent                     |          |             |          |
|                            |          |             |          |
| <u>MOTION</u>              | Pass     |             |          |

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

SENATE FINANCE  
COMMITTEE

*Adopted*

Amendment Number: #10

Bill Number: SJR 3

Sponsor: Dyson Date: 3/31/04

Logged In By: Mindy

23-LS0296\B.10

Cook

3/30/04

AMENDMENT

*Sponsored by  
Senator Dyson*

OFFERED IN THE SENATE

TO: CSSJR 3( ), Draft Version "B"

- 1 Page 1, line 10:
- 2 Delete "average annual"
- 3
- 4 Page 1, line 12:
- 5 Delete "for the second, third and fourth"
- 6 Insert "during the second and third"
- 7
- 8 Page 1, line 14:
- 9 Delete all material.
- 10 Insert "percentage change in personal income of State residents during"
- 11
- 12 Page 1, line 15:
- 13 Delete ", third, and fourth"
- 14 Insert "and third"
- 15
- 16 Page 2, line 1:
- 17 Delete "average annual"
- 18
- 19 Page 2, line 2:
- 20 Delete "for the second, third, and fourth"
- 21 Insert "during the second and third"

SENATE FINANCE COMMITTEE  
3/31 / 2003 COMMITTEE ACTION

|                            |            |             |   |
|----------------------------|------------|-------------|---|
| Bill Number                | SJR 3      |             |   |
| Amendment                  | #10        |             |   |
| Motion                     | adpt       |             |   |
| <u>Motion by</u>           | Dyson      |             |   |
| <u>Objection by</u>        | ( ) Wilken |             |   |
| <u>Removed</u>             | ✓          |             |   |
| <u>Second Objection by</u> |            |             |   |
| <u>Committee Member</u>    | Y          | <u>Vote</u> | N |
| Senator Dyson              |            |             |   |
| Senator Hoffman            |            |             |   |
| Senator Olson              |            |             |   |
| Senator Stevens            |            |             |   |
| Senator Bunde              |            |             |   |
| Co-Chair Green             |            |             |   |
| Co-Chair Wilken            |            |             |   |
| <u>Tally</u>               |            |             |   |
| Yea                        |            |             |   |
| Nay                        |            |             |   |
| Absent                     |            |             |   |
| <u>MOTION</u>              | Pass       |             |   |



# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

Official Business

### FAX COVER SHEET

DATE: 31 March 2004 TIME: 11:10 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 10

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: new Workdraft please!

CS SJR3 (FIN) 23-LS0296 \ B Cook 3/17/04

Plus the following amendments:

- \ B.1 3/23/04
- \ B.4 3/25/04
- \ B.5 3/25/04
- \ B.7 3/26/04
- \ B.8 3/26/04
- \ B.9 3/29/04
- \ B.10 3/30/04

If you have any questions  
on technicalities please  
call Lucky Schultz  
in Sen. Dufsen's office  
#6580

Other questions - call me!  
Thx  
Mindy

23-LS0296(C)  
Cook  
3/31/04

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

**BY THE SENATE FINANCE COMMITTEE**

Offered:  
Referred:

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.

#4  
deleted  
language

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:

#7

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 second and third calendar years preceding the calendar year during which  
14 the immediately preceding fiscal year began, but not to exceed the percentage change  
15 in personal income of State residents during the second and third calendar years  
16 preceding the calendar year during which the immediately preceding fiscal year

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begins; plus

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

#10

(b) If the appropriation limit amount calculated under (a) of 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;

#1

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

(5) required to pay obligations under revenue bonds;

(6) of money received from the federal government;

(7) of money received as tuition by the University of Alaska;

(8) of dedicated funds and trust funds;

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

#1

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

#8

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

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

#7

(e) If the governor declares that an extraordinary circumstance exists, upon the

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affirmative vote of at least two-thirds of the members of each house, the legislature may pass an appropriation that exceeds the appropriation limit under this section to address the extraordinary circumstance. The declaration shall identify the specific extraordinary circumstance, specify the amount of each appropriation the governor requests, and identify the time period during which expenditures under each appropriation will be made.

(f) If the legislature, by law, declares that an extraordinary circumstance exists, upon the affirmative vote of at least two-thirds of the members of each house, the legislature may pass an appropriation that exceeds the appropriation limit under this section to address the extraordinary circumstance. Notwithstanding Section 17 of Article II, a bill declaring an extraordinary circumstance passed by the legislature may not become law unless signed by the governor.

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

**Section 30. Application, Transition, and Repeal.** (a) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made for fiscal year 2006. However, for purposes of making calculations under the appropriation limit for fiscal years 2006 through 2008 it shall be assumed that, excluding appropriations listed under Section 16(c) of Article IX, the amount appropriated for

- (1) fiscal year 2004 equals \$3,300,000,000; and
- (2) fiscal year 2005 equals \$3,400,000,000.

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

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

#7  
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#44#5  
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#5

adopted  
SENATE FINANCE  
COMMITTEE  
Amendment Number: #11  
Bill Number: 3JR3  
Sponsor: Dyson Date: 4/2/04  
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3(FIN), Draft Version "C"

- 1 Page 2, lines 17 and 18:
- 2 Delete all material and insert:
- 3 "(4) of State general obligation bond and revenue bond proceeds;"

SENATE FINANCE COMMITTEE  
4/2/2003 COMMITTEE ACTION

|                            |        |             |   |
|----------------------------|--------|-------------|---|
| Bill Number                | SJR 3  |             |   |
| Amendment                  | #1     |             |   |
| Motion                     | adpt   |             |   |
| <u>Motion by</u>           | Dyson  |             |   |
| <u>Objection by</u>        | Wilken |             |   |
| <u>Removed</u>             | ✓      |             |   |
| <u>Second Objection by</u> |        |             |   |
| <u>Committee Member</u>    | Y      | <u>Vote</u> | N |
| Senator Dyson              |        |             |   |
| Senator Hoffman            |        |             |   |
| Senator Olson              |        |             |   |
| Senator Stevens            |        |             |   |
| Senator Bunde              |        |             |   |
| Co-Chair Green             |        |             |   |
| Co-Chair Wilken            |        |             |   |
| <u>Tally</u>               |        |             |   |
| Yea                        |        |             |   |
| Nay                        |        |             |   |
| Absent                     |        |             |   |
| <u>MOTION</u>              | PASS   |             |   |

SENATE FINANCE *adopted*  
COMMITTEE  
Amendment Number: *#12*  
Bill Number: *SJR 3* 23-LS0296\C.1  
Sponsor: *Dyson* Date: *4/2/04* Cook  
Logged In By: *Mindy* 4/1/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR DYSON

TO: CSSJR 3(FIN), Draft Version "C"

- 1 Page 2, line 21:
- 2 Delete "as tuition by the University of Alaska"
- 3 Insert "by the University of Alaska as tuition, fees, or contract receipts, or from other
- 4 non-general fund sources"

SENATE FINANCE COMMITTEE  
4/2/2003 COMMITTEE ACTION

|                            |        |             |   |
|----------------------------|--------|-------------|---|
| Bill Number                | SJR 3  |             |   |
| Amendment                  | # 12   |             |   |
| Motion                     | adopt  |             |   |
| <u>Motion by</u>           | Dyson  |             |   |
| <u>Objection by</u>        | Wilken |             |   |
| <u>Removed</u>             |        |             |   |
| <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                        | 4      |             |   |
| Nay                        | 2      |             |   |
| Absent                     | 1      |             |   |
| <u>MOTION</u>              | Pass   |             |   |

SJR3- University of Alaska Information - April 1, 2004

Putting some perspective on the revenue in University Receipts

Not counting Tuition and Federal Receipts, University Receipts makes up a little more than 20% of UA revenue.

In FY04, at an estimated \$120M, relative to the entire state GF of 2.4B, it is ~5%.

**Examples of Revenue included in University Receipts and the unintended impact on a Spending Limit:**

1. Auxiliary Revenue is revenues from stand alone business enterprises operated for students, faculty and staff including campus book stores, dorms and food service.  
Impact: If/when a new dorm comes on-line there will be a significant spike in auxiliary revenue. When UAA's new dorms came online the auxiliary revenue doubled from \$7m to \$14M in three years.
2. Sales of Educational and University related products and services. These include tickets to athletic, theater events, etc.  
Impact: This is not a large amount of revenue in the grand scheme; however, an event such as the Great Alaska Shootout would be included and would not fall within the intent of the legislation.
3. Gifts, Grants and Contracts from industry partners and citizens.  
Impact: The Health care industry has supported the expansion of training for nurses and health care workers these revenues plus the state support are necessary to meet the work force demand and should be allowed to grow to meet need.
4. Student Tuition and Fees.  
Impact: Tuition impact has been recognized, however an example of fees being adversely impacted by inclusion in a spending limit is the UAF student recreation fee. Several years ago UAF students voted to increase their activity fees to cover the cost of paying the debt payments so that the UAF student recreation center could be built. This seems to fall outside the intent of the spending limit bill.
5. Local Appropriations.  
Impact: One direction UA would like to pursue is stronger partnerships with local governments to address local and regional training and education need. Including it would be a disincentive for local government to invest.
6. Income from the college saving plan.  
Impact: UA, with legislative authority and in partnership with T. Rowe Price manages a 529-college savings plan. UA's plan is ranked 5<sup>th</sup> in the nation by the Morningstar financial rating service. Currently UA hold over \$1 Billion of asset in trust for participants nationwide. A very small management fee is collected which currently helps supports the operations of the program.

Supplied by G. WILKEN  
to amendment #12

23-LS0296Z  
Cook  
4/2/04

**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:  
Referred:**

**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 second and third calendar years preceding the calendar year during which  
14 the immediately preceding fiscal year began, but not to exceed the percentage change  
15 in personal income of State residents during the second and third calendar years  
16 preceding the calendar year during which the immediately preceding fiscal year

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begins; plus

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

(b) If the appropriation limit amount calculated under (a) of 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 expenditure 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), (e), or (f) of this section.

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

(e) If the governor declares that an extraordinary circumstance exists, upon the

\* sentence structure variation

Amend.  
#11

#12\*

1 affirmative vote of at least two-thirds of the members of each house, the legislature  
2 may pass an appropriation that exceeds the appropriation limit under this section to  
3 address the extraordinary circumstance. The declaration shall identify the specific  
4 extraordinary circumstance, specify the amount of each appropriation the governor  
5 requests, and identify the time period during which expenditures under each  
6 appropriation will be made.

7 (f) 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. Notwithstanding Section 17 of  
11 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
12 not become law unless signed by the governor.

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

15 **Section 30. Application, Transition, and Repeal.** (a) The 2004 amendment  
16 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
17 for fiscal year 2006. However, for purposes of making calculations under the  
18 appropriation limit for fiscal years 2006 through 2008 it shall be assumed that,  
19 excluding appropriations listed under Section 16(c) of Article IX, the amount  
20 appropriated for

21 (1) fiscal year 2004 equals \$3,300,000,000; and

22 (2) fiscal year 2005 equals \$3,400,000,000.

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

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



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 2 April 2004 TIME: 11:10 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 3

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: new CS Work draft Please:  
CS SJR 3 (FIN) 23-LS0296/C Cook  
3/31/04

Plus 2 amendments following

Call if you

have any questions

Thix  
Mindy

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affirmative vote of at least two-thirds of the members of each house, the legislature may pass an appropriation that exceeds the appropriation limit under this section to address the extraordinary circumstance. The declaration shall identify the specific extraordinary circumstance, specify the amount of each appropriation the governor requests, and identify the time period during which expenditures under each appropriation will be made.

(f) If the legislature, by law, declares that an extraordinary circumstance exists, upon the affirmative vote of at least two-thirds of the members of each house, the legislature may pass an appropriation that exceeds the appropriation limit under this section to address the extraordinary circumstance. Notwithstanding Section 17 of Article II, a bill declaring an extraordinary circumstance passed by the legislature may not become law unless signed by the governor.

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

Section 30. Application, Transition, and Repeal. (a) The 2004 amendment relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made for fiscal year 2006. However, for purposes of making calculations under the appropriation limit for fiscal years 2006 through 2008 it shall be assumed that, excluding appropriations listed under Section 16(c) of Article IX, the amount appropriated for

- (1) fiscal year 2004 equals ~~\$3,300,000,000~~ <sup>3,150,000,000</sup>; and
- (2) fiscal year 2005 equals ~~\$3,400,000,000~~ <sup>3,250,000,000</sup>.

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

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

SENATE FINANCE COMMITTEE  
4/5/2004 COMMITTEE ACTION

|                            |          |             |   |
|----------------------------|----------|-------------|---|
| Bill Number                | SJR 3    |             |   |
| Amendment                  | # 13     |             |   |
| Motion                     | to adopt |             |   |
| <u>Motion by</u>           | Green    |             |   |
| <u>Objection by</u>        | Green    |             |   |
| <u>Removed</u>             | ✓        |             |   |
| <u>Second Objection by</u> | Hoffman  |             |   |
| <u>Committee Member</u>    | Y        | <u>Vote</u> | N |
| Senator Bunde              |          |             |   |
| Senator Dyson              |          |             |   |
| Senator Hoffman            |          |             |   |
| Senator Olson              |          |             |   |
| Senator Stevens            |          |             |   |
| Co-Chair Green             |          |             |   |
| Co-Chair Wilken            |          |             |   |
|                            |          |             |   |
| <u>Tally</u>               |          |             |   |
| Yea                        |          |             |   |
| Nay                        |          |             |   |
| Absent                     |          |             |   |
|                            |          |             |   |
| <u>MOTION</u>              | ADDP TED |             |   |

Amendment #14

ADOPTED

23-LS0296Z

Cook

4/2/04

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:  
Referred:

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 <sup>two</sup>~~second and third~~ calendar years preceding the calendar year during which  
14 the immediately preceding fiscal year began, but not to exceed the percentage change  
15 in personal income of State residents during the <sup>two</sup>~~second and third~~ calendar years  
16 preceding the calendar year during which the immediately preceding fiscal year

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begins; plus

<sup>two</sup> (2) the percentage rate of change in the State population during the ~~second and third~~ calendar years preceding the calendar year during which the immediately preceding fiscal year began compiled by a State department.

(b) If the appropriation limit amount calculated under (a) of 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 expenditure 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), (e), or (f) of this section.

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

(e) If the governor declares that an extraordinary circumstance exists, upon the



SENATE FINANCE COMMITTEE  
4 / 5 / 2003 COMMITTEE ACTION

|                            |          |             |   |
|----------------------------|----------|-------------|---|
| Bill Number                | SJR 3    |             |   |
| Amendment                  | #14      |             |   |
| Motion                     | to Adopt |             |   |
| <u>Motion by</u>           | Wilken   |             |   |
| <u>Objection by</u>        | None     |             |   |
| <u>Removed</u>             |          |             |   |
| <u>Second Objection by</u> |          |             |   |
| <u>Committee Member</u>    | Y        | <u>Vote</u> | N |
| Senator Dyson              |          |             |   |
| Senator Hoffman            |          |             |   |
| Senator Olson              |          |             |   |
| Senator Stevens            |          |             |   |
| Senator Bunde              |          |             |   |
| Co-Chair Green             |          |             |   |
| Co-Chair Wilken            |          |             |   |
|                            |          |             |   |
| <u>Tally</u>               |          |             |   |
| Yea                        |          |             |   |
| Nay                        |          |             |   |
| Absent                     |          |             |   |
|                            |          |             |   |
| <u>MOTION</u>              | ADOPTE   |             |   |

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:  
Referred:

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  
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

Amend.  
#14

#14

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

1 may pass an appropriation that exceeds the appropriation limit under this section to  
 2 address the extraordinary circumstance. The declaration shall identify the specific  
 3 extraordinary circumstance, specify the amount of each appropriation the governor  
 4 requests, and identify the time period during which expenditures under each  
 5 appropriation will be made.

6 (f) If the legislature, by law, declares that an extraordinary circumstance  
 7 exists, upon the affirmative vote of at least two-thirds of the members of each house,  
 8 the legislature may pass an appropriation that exceeds the appropriation limit under  
 9 this section to address the extraordinary circumstance. Notwithstanding Section 17 of  
 10 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
 11 not become law unless signed by the governor.

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

14 **Section 30. Application, Transition, and Repeal.** (a) The 2004 amendment  
 15 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
 16 for fiscal year 2006. However, for purposes of making calculations under the  
 17 appropriation limit for fiscal years 2006 through 2008 it shall be assumed that,  
 18 excluding appropriations listed under Section 16(c) of Article IX, the amount  
 19 appropriated for

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

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

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

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

#13

23-LS0296Z  
Cook  
4/2/04

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:  
Referred:

Sponsor(s): SENATORS DYSON, Bunde, Waggoner, 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 second and third calendar years preceding the calendar year during which  
14 the immediately preceding fiscal year began, but not to exceed the percentage change  
15 in personal income of State residents during the second and third calendar years  
16 preceding the calendar year during which the immediately preceding fiscal year

1 begins; plus

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

5 (b) If the appropriation limit amount calculated under (a) of this section 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) Calculations made under (a) of this section shall not include appropriations

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

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

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

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

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

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

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

22 (8) of dedicated funds and trust funds;

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

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

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

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

31 (e) If the governor declares that an extraordinary circumstance exists, upon the

1 affirmative vote of at least two-thirds of the members of each house, the legislature  
2 may pass an appropriation that exceeds the appropriation limit under this section to  
3 address the extraordinary circumstance. The declaration shall identify the specific  
4 extraordinary circumstance, specify the amount of each appropriation the governor  
5 requests, and identify the time period during which expenditures under each  
6 appropriation will be made.

7 (f) 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. Notwithstanding Section 17 of  
11 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
12 not become law unless signed by the governor.

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

15 Section 30. Application, Transition, and Repeal. (a) The 2004 amendment  
16 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
17 for fiscal year 2006. However, for purposes of making calculations under the  
18 appropriation limit for fiscal years 2006 through 2008 it shall be assumed that,  
19 excluding appropriations listed under Section 16(c) of Article IX, the amount  
20 appropriated for

21 (1) fiscal year 2004 equals \$3,300,000,000; and

22 (2) fiscal year 2005 equals \$3,400,000,000.

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

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

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23-LS0296\V  
Cook  
3/3/04

CS FOR SENATE JOINT RESOLUTION NO. 3( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND 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 and a spending limit, and to deposits into the budget reserve fund.

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 and Spending Limit. (a) Appropriations made  
7 for a current fiscal year shall not exceed the amount appropriated for the fiscal year  
8 two years immediately preceding that current fiscal year by more than the sum of the  
9 following:

10 (1) ninety percent of the average annual percentage rate of change in  
11 the Consumer Price Index for all urban consumers for the Anchorage metropolitan  
12 area compiled by a federal agency for the two calendar years preceding the calendar  
13 year during which the immediately preceding fiscal year began; plus

14 (2) seventy-five percent of the average annual percentage rate of  
15 change in the State population for the two calendar years preceding the calendar year  
16 during which the immediately preceding fiscal year began compiled by a State

1 by a State department.

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

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

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

7 (3) of money from donations, gifts, or grants to the State for purposes  
8 specified by the terms of those donations, gifts, or grants;

9 (4) of State general obligation bond, revenue bond, and certificates of  
10 participation proceeds;

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

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

13 (7) of money received as tuition by the University of Alaska; and

14 (8) made under (c) of this section.

15 (c) An appropriation that exceeds the limit under (a) of this section may be  
16 made for any public purpose identified by the governor in a declaration of emergency  
17 upon affirmative vote of at least two-thirds of the members of each house of the  
18 legislature. Appropriations under this subsection may be made only for a fiscal year  
19 identified in the declaration of emergency.

20 (d) If appropriations for a fiscal year exceed the amount validly appropriated  
21 under (a) - (c) of this section, the governor shall reduce expenditures by the executive  
22 branch for its operation and administration to the extent necessary to avoid spending  
23 more than the amount validly appropriated.

24 \* Sec. 2. Article IX, sec. 17(d), Constitution of the State of Alaska, is amended to read:

25 (d) The [IF AN APPROPRIATION IS MADE FROM THE BUDGET  
26 RESERVE FUND, UNTIL THE AMOUNT APPROPRIATED IS REPAID, THE]  
27 amount of money in the general fund available for appropriation at the end of each  
28 succeeding fiscal year shall be deposited in the budget reserve fund. The legislature  
29 shall implement this subsection by law.

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

1           Section 30. Application. The 2004 amendment relating to an appropriation  
2           and spending limit (art. IX, sec. 16) first applies to appropriations made for fiscal year  
3           2006 and applies thereafter. The 2004 amendment relating to deposits to the budget  
4           reserve fund (art. IX, sec. 17(d)) first applies at the end of fiscal year 2005 and applies  
5           thereafter.

6           \* Sec. 4. The amendments proposed by this resolution shall be placed before the voters of  
7           the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
8           State of Alaska, and the election laws of the state.

CS FOR SENATE JOINT RESOLUTION NO. 3( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND 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 and a spending limit, and to deposits into the budget reserve fund.

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 and Spending Limit. (a) Subject to (b) of this  
7 section, appropriations made for a current fiscal year shall not exceed the average  
8 amount appropriated for the earliest three of the four fiscal years immediately  
9 preceding that current fiscal year by more than the sum of the following:

10 (1) the lesser of

11 (A) ninety percent of the average annual percentage rate of change in  
12 the Consumer Price Index for all urban consumers for the Anchorage metropolitan  
13 area compiled by a federal agency for the second, third, and fourth calendar years  
14 preceding the calendar year during which the immediately preceding fiscal year began;  
15 or

16 (B) the average percentage of the change in the average personal

1 income of State residents for the second, third, and fourth calendar years preceding the  
2 calendar year during which the immediately preceding fiscal year begins; plus

3 (2) seventy-five percent of the average annual percentage rate of change in the  
4 State population for the second, third, and fourth calendar years preceding the calendar year  
5 during which the immediately preceding fiscal year began compiled by a State department.

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

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

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

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

14 (3) of money from donations, gifts, or grants to the State for purposes  
15 specified by the terms of those donations, gifts, or grants;

16 (4) of State general obligation bond, revenue bond, and certificates of  
17 participation proceeds;

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

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

20 (7) of money received as tuition by the University of Alaska; and

21 (8) made under (d) of this section.

22 (d) An appropriation that exceeds the appropriation limit under this section may be  
23 made for any public purpose identified by the governor in a declaration of emergency upon  
24 affirmative vote of at least two-thirds of the members of each house of the legislature.  
25 Appropriations under this subsection may be made only for a fiscal year identified in the  
26 declaration of emergency.

27 (e) If appropriations for a fiscal year exceed the amount validly appropriated under  
28 this section, the governor shall reduce expenditures by the executive branch for its operation  
29 and administration to the extent necessary to avoid spending more than the amount validly  
30 appropriated.

31 \* Sec. 2. Article IX, sec. 17(d), Constitution of the State of Alaska, is amended to read:

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(d) The [IF AN APPROPRIATION IS MADE FROM THE BUDGET RESERVE FUND, UNTIL THE AMOUNT APPROPRIATED IS REPAID, THE] amount of money in the general fund available for appropriation at the end of each [SUCCEEDING] fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.

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

Section 30. Application. The 2004 amendment relating to an appropriation and spending limit (art. IX, sec. 16) first applies to appropriations made for fiscal year 2006 and applies thereafter. The 2004 amendment relating to deposits to the budget reserve fund (art. IX, sec. 17(d)) first applies at the end of fiscal year 2005 and applies thereafter.

\* Sec. 4. The amendments proposed by this resolution shall be placed before the voters of the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the State of Alaska, and the election laws of the state.

23-LS0296C  
Cook  
3/31/04

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:  
Referred:

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

*incorporates  
all amendments  
adopted as of 3/31  
CS does not need  
to be adopted as  
working draft*

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 second and third calendar years preceding the calendar year during which  
14 the immediately preceding fiscal year began, but not to exceed the percentage change  
15 in personal income of State residents during the second and third calendar years  
16 preceding the calendar year during which the immediately preceding fiscal year

1 begins; plus

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

5 (b) If the appropriation limit amount calculated under (a) of this section 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) Calculations made under (a) of this section shall not include appropriations

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

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

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

17 (4) of State general obligation bond, revenue bond, and certificates of  
18 participation proceeds;

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

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

21 (7) of money received as tuition by the University of Alaska;

22 (8) of dedicated funds and trust funds;

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

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

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

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

31 (e) If the governor declares that an extraordinary circumstance exists, upon the

1 affirmative vote of at least two-thirds of the members of each house, the legislature  
2 may pass an appropriation that exceeds the appropriation limit under this section to  
3 address the extraordinary circumstance. The declaration shall identify the specific  
4 extraordinary circumstance, specify the amount of each appropriation the governor  
5 requests, and identify the time period during which expenditures under each  
6 appropriation will be made.

7 (f) 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. Notwithstanding Section 17 of  
11 Article II, a bill declaring an extraordinary circumstance passed by the legislature may  
12 not become law unless signed by the governor.

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

15 **Section 30. Application, Transition, and Repeal.** (a) The 2004 amendment  
16 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
17 for fiscal year 2006. However, for purposes of making calculations under the  
18 appropriation limit for fiscal years 2006 through 2008 it shall be assumed that,  
19 excluding appropriations listed under Section 16(c) of Article IX, the amount  
20 appropriated for

21 (1) fiscal year 2004 equals \$3,300,000,000; and

22 (2) fiscal year 2005 equals \$3,400,000,000.

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

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

ADOPTED 3/18/04

23-LS0296\B  
Cook  
3/17/04

CS FOR SENATE JOINT RESOLUTION NO. 3( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND 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, and to deposits into the budget reserve fund.

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 by more than the sum of the following:

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

1 (2) the average annual percentage rate of change in the State  
2 population for the second, third, and fourth calendar years preceding the calendar year  
3 during which the immediately preceding fiscal year began compiled by a State  
4 department.

5 (b) If the appropriation limit amount calculated under (a) of this section 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) Calculations made under (a) of this section shall not include appropriations

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

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

14 (3) of money from donations, gifts, or grants to the State for purposes  
15 specified by the terms of those donations, gifts, or grants;

16 (4) of State general obligation bond, revenue bond, and certificates of  
17 participation proceeds;

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

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

20 (7) of money received as tuition by the University of Alaska;

21 (8) of dedicated funds and trust funds; and

22 (9) made under (d) of this section.

23 (d) Except as provided in this subsection, the legislature shall not appropriate  
24 more money for a fiscal year than is permitted under (a) and (b) of this section. If the  
25 governor declares an emergency or declares that an extraordinary circumstance exists,  
26 upon affirmative vote of at least two-thirds of the members of each house, the  
27 legislature may adopt an appropriation that exceeds the appropriation limit to address  
28 the emergency or extraordinary circumstance. An appropriation adopted under this  
29 subsection may not be used for the payment of bonds, notes, or any other form of debt.

30 \* Sec. 2. Article IX, sec. 17(d), Constitution of the State of Alaska, is amended to read:

31 (d) The [IF AN APPROPRIATION IS MADE FROM THE BUDGET

1 RESERVE FUND, UNTIL THE AMOUNT APPROPRIATED IS REPAYED, THE]  
2 amount of money in the general fund available for appropriation at the end of each  
3 [SUCCEEDING] fiscal year shall be deposited in the budget reserve fund. The  
4 legislature shall implement this subsection by law.

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

7 Section 30. Application and Reconsideration. (a) The 2004 amendment  
8 relating to an appropriation limit (art. IX, sec. 16) first applies to appropriations made  
9 for fiscal year 2006 and applies thereafter. The 2004 amendment relating to deposits  
10 to the budget reserve fund (art. IX, sec. 17(d)) first applies at the end of fiscal year  
11 2005 and applies thereafter.

12 (b) If the 2004 amendment relating to an appropriation limit (art. IX, sec. 16)  
13 is adopted, the lieutenant governor shall place the same 2004 proposition for  
14 amendment on the ballot every four years. However, notwithstanding Section 1 of  
15 Article XIII, if the voters reject the proposition, Section 16 of Article IX shall be  
16 readopted as it read on January 1, 2003, and the lieutenant governor shall not again  
17 place the 2004 proposition on the ballot under this subsection.

18 \* Sec. 4. The amendments proposed by this resolution shall be placed before the voters of  
19 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the  
20 State of Alaska, and the election laws of the state.



## SENATOR FRED DYSON

### MEMORANDUM

March 17, 2004

To: Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senate Finance Committee

*Lyda* for  
From: Senator Fred Dyson

RE: Sectional Analysis of SJR3, Version 23-LS0296\B

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Following is an analysis by section of referenced proposed resolution.

Page 1, Section 1, lines 4 and 5: This resolution will repeal and replace the existing Appropriation Limit found in Article IX, Section 16 of the Alaska Constitution.

Subsection 1(a), Page 1, lines 6 through 9 establishes a moving, three-year average as the base for application of the limit. Such smoothing takes into account years of extreme variation in appropriations, and results in a smoother, more predictable limit to facilitate long range planning.

The base is also based on actual appropriations, the most accurate data for which have generally been two fiscal years prior to the fiscal year being considered – thus, the need to consider the second, third and fourth fiscal years (or earliest three of the last four fiscal years) for determining the base amount.

Finally, the limit is calculated independently of the previous year's limit, with the exception of negative factors as discussed below.

In contrast, the limit currently in effect uses a fixed amount of \$2,500,000,000 as the base. The existing limit uses inflation and population for determining the limit, but applies the factor cumulatively from July 1, 1981.

Subsection 1(a)(1), Page 1, lines 10 through 16 establishes one of the variables for determining the limit as the average of the Consumer Price Index – Anchorage. Like the base, the variable used is a three-year moving average but is derived from the calendar years that correlate to the fiscal years upon which the base is determined.

The inflation variable is limited, however, to not exceed per capita income for all Alaskans. The intent of this restriction is to avoid excessive limits during times of runaway inflation.

Subsection 1(a)(2), Page 2, lines 1 through 4 sets the second variable as average rate of population. Again, the variable used is a three-year moving average of the same calendar years as that of the inflation variable.

The limit is determined by adding the two variables (inflation and population) and multiplying that sum to the base determined in (a).

Subsection 1(b), Page 2, lines 5 through 8 is provided to ensure that in periods when the sum of the two variables results in a negative number, the limit will be the same as the limit for the previous fiscal year. This language is intended to avoid a “ratchet down” effect. No such provision exists in the current limit.

Subsection 1(c), Page 2, lines 9 through 22 allows certain instances where the limit would not be applied. Item (1) exempts all appropriations, including inflation proofing, to the Permanent Fund. Item (2) exempts appropriations of Permanent Fund income intended for payment of permanent fund dividends. It is not the intent of the sponsor to limit deposits to the Permanent Fund.

Item (3) exempts funds to any entity of the State that come from donations, gifts, or grants and for which the donation, gift, or grant has a specified purpose. The most likely recipient of such funds is the University of Alaska, such as when they are granted funds or if, for example, an alumnus makes a sizeable contribution. The limit is not intended to limit contributions via donations, gifts, or grants to the state.

Item (4) exempts proceeds from State general obligation bonds, revenue bonds, and certificates of participation from the limit. However, with the exception of revenue bonds (Item 5), the debt service for such instruments does fall within the limit. If the state incurs an obligation of indebtedness, consideration must be given annually to repayment of that indebtedness as long as the indebtedness remains. Debt service for revenue bonds is exempted.

Table 1 below depicts which bond proceeds and debt service is included under the limit and which are excluded.

Table 1  
As Pertains to Limit

| <u>Bond</u>                   | <u>Proceeds</u> | <u>Debt Service</u> |
|-------------------------------|-----------------|---------------------|
| General Obligation            | Excluded        | Included            |
| Revenue                       | Excluded        | Excluded            |
| Certificates of Participation | Excluded        | Included            |
| School Debt Reimbursement     | N/A             | Included            |

Item (6) exempts appropriations of money received from the federal government. Again, the intent is not to limit the receipt of funds from non-State sources.

Item (7) exempts funds the University of Alaska receives from tuitions. The University is expected to set tuition rates at a level that optimizes both revenue to the University and enrollment. Since monies paid in the form of tuition do not come from the State, they are exempted.

Item (8) exempts appropriations to dedicated funds and trust funds.

Item (9) exempts funds appropriated under unusual circumstances as specified in the following subsection (d).

The current provision exempts "appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations require 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."

Subsection 1(d), Page 2, lines 23 through 29 allows for certain instances in which appropriations may be made beyond the limit. The two circumstances are when the Governor declares an emergency or an extraordinary circumstance. Both instances require the legislature to approve the appropriations by a 2/3rds vote of each house. It will be incumbent upon the governor to use restraint in invoking this clause, and upon the legislature to ensure they are in agreement that the circumstances warrant the appropriation. Such appropriations may not be made for the payment of bonds, notes, or any other form of indebtedness.

Legislative Legal has indicated that, technically, the term "emergency" is not defined and that adding "extraordinary circumstance" is superfluous. However, the Administration has indicated that they prefer to limit the use of "emergency" to such situations as responding to a natural disaster. The intent of adding "extraordinary circumstance" is to allow for unusual events such as, for example, the necessity of pre-investing for construction of a gas pipeline.

The current limit allows for the limit to be exceeded for appropriations to the permanent fund (which is addressed by the proposed amendment in the exemptions) and in bills for capital

projects (which is addressed by the proposed amendment in this subsection) if approved by the governor and  $\frac{3}{4}$  of the legislature. The limit may also be exceeded if the governor declares a state of disaster as prescribed by law.

Section 2, Page 2, line 30 through Page 3, line 4 amends Article 17, Section (d). Currently this section requires that when an un-repaid draw from the Constitutional Budget Reserve exists, the amount of money available for appropriation at the end of each succeeding fiscal year will be deposited to the CBR. If there are no un-repaid draws the governor is charged with investing the money at “competitive rates.”

The proposed amendment would delete the reference to un-repaid draws so that available money would be deposited to the CBR regardless of whether an un-repaid draw exists.

Section 3, Page 3, lines 5 through 11 sets the effective date for both application of the limit in Section 1 (appropriations for FY06) and deposit of monies to the CBR in accordance with Section 2 (end of FY05).

Section 3, Page 3, lines 12 through 17 provides for a periodic re-ratification by voters every 4 years. The current limit has no such provision.

Section 4, Page 3, lines 18 through 20 directs the proposed amendment be placed before the voters at the next general election.

#### Other Issues

The current limit directs that “within this limit, one-third shall be reserved for capital projects.” This proposed amendment eliminates such requirement.

Differences Between Current Limit and that Proposed by SJR 3

|                                   | Current Limit   | SJR 3   |
|-----------------------------------|---|---|
| Base Year                         | \$2,500,000   | Authorized Appropriations of Fiscal Year two years immediately preceding  |
| Escalation Factor Formula         | Cumulative change in population and inflation since July 1, 1981.   | Sum of: 90% average annual rate of change of inflation plus 75% of annual percentage rate of change of population for calendar years corresponding to base year   |
| Exemptions                        | <ul style="list-style-type: none"> <li>• Permanent fund dividends</li> <li>• Revenue bond proceeds</li> <li>• Principal and interest on general obligation bonds</li> <li>• Money received from a non-State source in trust for a specific purpose</li> </ul> | <ul style="list-style-type: none"> <li>• Permanent fund</li> <li>• Permanent fund dividends</li> <li>• Specified gifts/donations/grants</li> <li>• Proceeds of General Obligation Bonds, Revenue Bonds &amp; Certificates of Participation</li> <li>• Revenue Bond debt service</li> <li>• Money from federal government</li> <li>• Tuition received by University of Alaska</li> </ul> |
| Special capital budget provision  | 1/3 reserved for capital projects and loan appropriations   | Provision deleted   |
| Exceeding the limit               | Only for appropriations to the Permanent Fund and capital projects if legislative bill approved by governor and passed by ¾ vote of legislature and approved by voters; or for disaster declared by governor.   | Declaration of emergency by governor and approval by 2/3 vote of each house of legislature only for specified purpose and year.   |
| Unexpended & unappropriated funds | Invested by governor at competitive rates   | Deposited in CBR  |
| CBR                               |   | Art IX, Sec 17(d) amended so that all excess funds go to CBR regardless of whether non-repaid draws exist.  |

Submitted By Senator Fred Dyson

Revised: 3/16/2004

~~23-LS02961B~~  
Cook  
3/17/04

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

BY

Offered:  
Referred:

Sponsor(s): SENATOR DYSON

*distributed by Sen. Green  
to demonstrate changes  
of Amendment #10*

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to an  
2 appropriation limit, and to deposits into the budget reserve fund.

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 by more than the sum of the following:

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

1 (2) the percentage rate of change in the State  
 2 population <sup>during</sup> the second <sup>and</sup> third, calendar years preceding the calendar year  
 3 during which the immediately preceding fiscal year began compiled by a State  
 4 department.

5 (b) If the appropriation limit amount calculated under (a) of this section 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) Calculations made under (a) of this section shall not include appropriations

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

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

14 (3) of money from donations, gifts, or grants to the State for purposes  
 15 specified by the terms of those donations, gifts, or grants;

16 (4) of State general obligation bond, revenue bond, and certificates of  
 17 participation proceeds;

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

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

20 (7) of money received as tuition by the University of Alaska;

21 (8) of dedicated funds and trust funds; and

22 (9) made under (d) of this section.

23 (d) Except as provided in this subsection, the legislature shall not appropriate  
 24 more money for a fiscal year than is permitted under (a) and (b) of this section. If the  
 25 governor declares an emergency or declares that an extraordinary circumstance exists,  
 26 upon affirmative vote of at least two-thirds of the members of each house, the  
 27 legislature may adopt an appropriation that exceeds the appropriation limit to address  
 28 the emergency or extraordinary circumstance. An appropriation adopted under this  
 29 subsection may not be used for the payment of bonds, notes, or any other form of debt.

30 \* Sec. 2. Article IX, sec. 17(d), Constitution of the State of Alaska, is amended to read:

31 (d) The [IF AN APPROPRIATION IS MADE FROM THE BUDGET

# CONNECTICUT CONSTITUTION

## ARTICLE XXVIII.

Article third of the constitution is amended by adding section 18 as follows:

Sec. 18 a. The amount of general budget expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year.

b. The general assembly shall not authorize an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage increase in inflation, unless the governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the general assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The general assembly shall by law define "increase in personal income", "increase in inflation" and "general budget expenditures" for the purposes of this section and may amend such definitions, from time to time, provided general budget expenditures shall not include expenditures for the payment of bonds, notes or other evidences of indebtedness. The enactment or amendment of such definitions shall require the vote of three-fifths of the members of each house of the general assembly.

c. Any unappropriated surplus shall be used to fund a budget reserve fund or for the reduction of bonded indebtedness; or for any other purpose authorized by at least three-fifths of the members of each house of the general assembly.

Adopted November 25, 1992.

In response to Senator Green's (and others') questions of March 26, 2004, during hearing of SJR 3 in the Senate Finance Committee I spoke with Mr. Kevin Nursick, Executive Assistant to the Chief of Staff to the Governor [860-524-7325]. He said to his knowledge there is no definition of "extraordinary circumstances." They prefer to trust the judgment of the governor and general assembly. To date "extraordinary circumstances" have not been invoked, although there were many who would like to bust the limit. Further he said that according to their constitution only the governor can initiate an extraordinary circumstance, but suggested I talk to their legal counsel to see if or how their general assembly can initiate such action.

I also spoke to Melinda Decker, Deputy Legal Counsel [860-524-7309 or 7340]. She said that for the most part she concurred with Mr. Nursick, but felt she was too new to speak off the top of her head, and so asked if she could look into it and get back to me. She said she seems to remember a case dealing with extraordinary circumstances.

PROVIDED BY SEN DYSON

on 3/30/04

## ARTICLE XXVIII.

Article third of the constitution is amended by adding section 18 as follows:

Sec. 18 a. The amount of general budget expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year.

b. The general assembly shall not authorize an increase in general budget expenditures for any fiscal year above the amount of general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage increase in inflation, unless the governor declares an emergency or the existence of extraordinary circumstances and at least three-fifths of the members of each house of the general assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. The general assembly shall by law define "increase in personal income", "increase in inflation" and "general budget expenditures" for the purposes of this section and may amend such definitions, from time to time, provided general budget expenditures shall not include expenditures for the payment of bonds, notes or other evidences of indebtedness. The enactment or amendment of such definitions shall require the vote of three-fifths of the members of each house of the general assembly.

c. Any unappropriated surplus shall be used to fund a budget reserve fund or for the reduction of bonded indebtedness; or for any other purpose authorized by at least three-fifths of the members of each house of the general assembly.

Adopted November 25, 1992.

Variables:

|                           |    |
|---------------------------|----|
| Inflation                 | 3% |
| Population                | 1% |
| Avg annual growth (3 yrs) | 4% |

SJR 3 CHART #2

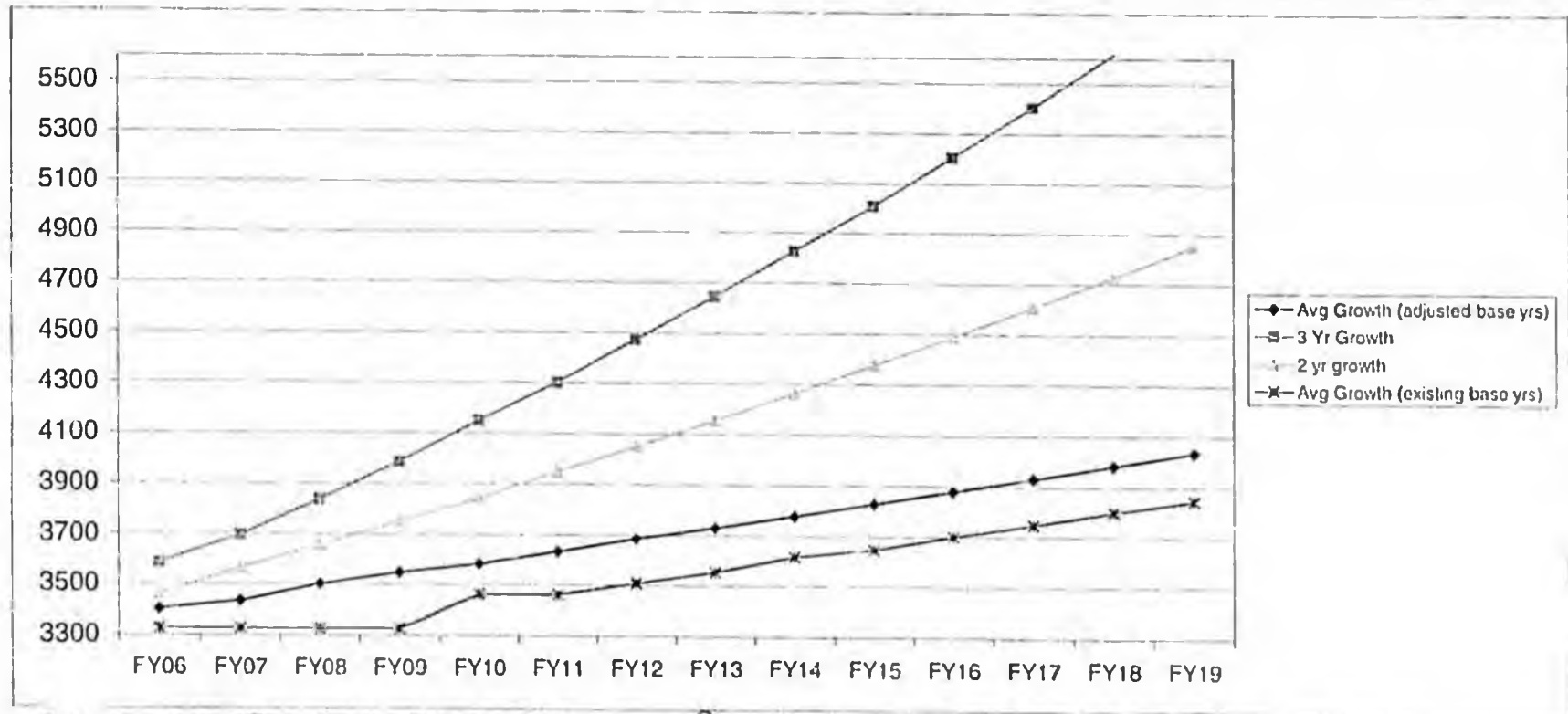
FY06 is the first calculated year and uses FY02-04 (based on the exemptions) for the base.

| Avg Growth (adjusted base yrs)  | FY02 | FY03 | FY04 | FY05 | FY06 | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19  |
|---------------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| "the avg annual rate of change" | 3300 | 3200 | 3300 | 3400 | 3400 | 3432  | 3501  | 3547  | 3582  | 3633  | 3685  | 3731  | 3779  | 3830  | 3881  | 3931  | 3983  | 4036  |
| annual growth                   |      |      |      |      | 0    | 32    | 69    | 46    | 35    | 51    | 52    | 46    | 48    | 52    | 51    | 50    | 52    | 53    |
| annual % change                 |      |      |      |      |      | 0.94% | 2.02% | 1.31% | 0.99% | 1.42% | 1.43% | 1.24% | 1.28% | 1.36% | 1.32% | 1.30% | 1.32% | 1.33% |

| Avg Growth (existing base yrs)  | FY02 | FY03 | FY04 | FY05 | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19  |
|---------------------------------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| "the avg annual rate of change" | 3300 | 3200 | 3100 | 2900 | 3328  | 3328  | 3328  | 3328  | 3461  | 3461  | 3507  | 3553  | 3616  | 3648  | 3701  | 3750  | 3801  | 3847  |
| annual growth                   |      |      |      |      | 428   | 0     | 0     | 0     | 133   | 0     | 46    | 46    | 62    | 32    | 54    | 49    | 51    | 47    |
| annual % change                 |      |      |      |      | 0.00% | 0.00% | 0.00% | 0.00% | 4.00% | 0.00% | 1.33% | 1.32% | 1.75% | 0.88% | 1.47% | 1.31% | 1.37% | 1.22% |

| 3 yr growth          | FY02 | FY03 | FY04 | FY05 | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19 |
|----------------------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| "the rate of change" | 3100 | 3200 | 3300 | 3400 | 3584  | 3696  | 3839  | 3987  | 4151  | 4302  | 4472  | 4644  | 4825  | 5009  | 5205  | 5405  | 5615  | 5831 |
| annual growth        |      |      |      |      | 184   | 112   | 143   | 148   | 164   | 151   | 170   | 173   | 181   | 184   | 195   | 201   | 209   | 217  |
| annual % change      |      |      |      |      | 3.13% | 3.88% | 3.85% | 4.11% | 3.63% | 3.95% | 3.86% | 3.89% | 3.82% | 3.90% | 3.86% | 3.87% | 3.86% |      |

| 2 yr growth          | FY02 | FY03 | FY04 | FY05 | FY06  | FY07  | FY08  | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17  | FY18  | FY19 |
|----------------------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| "the rate of change" | 3100 | 3200 | 3300 | 3400 | 3456  | 3564  | 3656  | 3751  | 3843  | 3950  | 4050  | 4156  | 4264  | 4376  | 4489  | 4603  | 4726  | 4850 |
| annual growth        |      |      |      |      | 56    | 108   | 92    | 95    | 92    | 106   | 101   | 106   | 108   | 113   | 113   | 117   | 120   | 123  |
| annual % change      |      |      |      |      | 3.13% | 2.59% | 2.60% | 2.46% | 2.77% | 2.55% | 2.61% | 2.59% | 2.64% | 2.58% | 2.61% | 2.60% | 2.61% |      |



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Anchorage Daily News

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## Poll finds voters want a fiscal fix

**URGENCY:** Respondents favor using fund earnings, spending limit, sales tax.

By JOEL GAY

Anchorage Daily News

(Published: March 27, 2004)

A new statewide poll finds more than 90 percent of voters want Gov. Frank Murkowski and the Alaska Legislature to solve the state's budget dilemma this session, and a majority favor using Permanent Fund earnings to bridge the revenue gap.

The poll of 501 registered voters released Thursday by Dittman Research Corp. of Alaska also finds nearly two-thirds of voters support a constitutional spending limit, while almost 70 percent oppose the one-time, \$20,000 Permanent Fund payout plan being debated in Juneau.

Dittman, whose clients include a wide range of industry, Alaska Native and nonprofit organizations, as well as Republican candidates including U.S. Sen. Lisa Murkowski, conducted the poll on his own, he said.

"I was hoping, as far as the Legislature is concerned, that they could see a lot of these issues are not very contentious" and could be tackled with little political damage, the Anchorage-based pollster said. "These are things everybody can pull together on," he said, adding that more volatile elements of a fiscal plan "could be set aside for the moment."

The gap between state income and expenditures has featured in Alaska political debate for more than 15 years, since oil production began to decline in 1988. Budget cuts and new revenue measures have not kept pace, forcing lawmakers to tap the Constitutional Budget Reserve in most years to cover spending. If oil prices drop back to historical levels, the reserve, now under \$2 billion, could be depleted in a few years.

At the urging of Gov. Murkowski, the Legislature has spent much of this month debating various options, but lawmakers remain divided.

The Dittman poll, which telephoned registered voters statewide from Feb. 27 to March 7, found 93 percent support for resolving the fiscal dilemma this year, and 62 percent of respondents called for a constitutional spending limit. But there was far less agreement on how to close the budget gap.

Sixty percent of respondents favored using a portion of the Permanent Fund earnings for essential state services. Yet the most widely discussed method of tapping those earnings, the percent of market value plan, found only lukewarm support among voters.

The POMV approach, which would require a constitutional amendment, would ensure the Permanent Fund receives annual inflation-proofing and that Alaskans would continue getting a dividend check. But only 44 percent support the POMV concept, 32 percent oppose it and a whopping 24 percent remain unsure.

The number of fence-sitters dropped when the POMV plan got more specific. If half the fund's earnings were set aside for dividends and half were used to close the gap without imposing income or sales taxes, the support rose to 49 percent. But opposition also increased, to 42 percent.

Voters are more certain about the fate of the Permanent Fund dividend program, according to the poll. Only

PROVIDED BY SEN DYSON

28 percent support the idea proposed by Rep. Jim Holm, R-Fairbanks, to give every eligible Alaskan one final \$20,000 check. Dittman said previous polls on similar payout schemes showed the same results.

Yet they are evenly split on the idea of enshrining the dividend check in the Alaska Constitution, at 44 percent in favor and 44 percent opposed. Rural residents liked the idea more than city dwellers, and voters from 18 to 29 years old were more than twice as supportive as those 45 to 59.

The Dittman poll was taken after the Conference of Alaskans in mid-February, which may explain some shifts in opinion gathered in a similar poll done earlier in February by Ivan Moore Research. Both polls found strong support for resolving the budget dilemma, but support for using Permanent Fund earnings grew after the conference. Moore found only 35 percent in favor, while Dittman found 60 percent.

"That (conference) made a big difference," Dittman said. When the delegates agreed that fund earnings should be part of a long-term fiscal plan, "I think Alaskans went along," he said.

The statewide outlook on taxes also may have swung after the three-day meeting in Fairbanks. Moore's pre-conference poll gave voters a list of potential revenue sources, and 59 percent supported an income tax while only 49 percent favored a statewide sales tax.

The newer poll asked a slightly different question. If a tax were necessary, which would the respondent choose? A sales tax came out on top, with 52 percent support, while the graduated income tax was favored by 39 percent.

Dittman said the change in voter outlook might be attributed to the "Alaska disconnect." It describes the relationship between how much Alaskans pay in taxes and how much they receive in government services.

His poll found 58 percent believe the disconnect is a problem. The feeling is strongest in Fairbanks and Anchorage and among those who describe themselves as liberal. The youngest voters, those under 29, were least likely to consider the disconnect a problem.

The changing attitude toward the two taxes suggests that voters believe a sales tax will do more to erase the disconnect than would an income tax, Dittman said, because everyone pays sales tax while the income tax could fall unevenly.

The strongest support for sales tax came in Southeast, where 58 percent gave it their approval. In Anchorage, the sales tax beat out income tax by 51 percent to 38 percent, though 8 percent wanted neither. Only rural voters favored the income tax, but they make up less than 10 percent of voters statewide.

Dittman distributed his poll to news outlets and to both sides of the aisle in Juneau.

"It's just to let them know what Alaskans expect" during this legislative session, he said.

"Sometimes ... the Legislature doesn't know what the majority feels about an issue."

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**State Budget Problems Lead to Renewed Interest in TELs**

Part 1 of a three-part series

Author: Lew Uhler and Barry Poulson

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Thoughtful leaders in many states are fed up with the fiscal roller coaster they have experienced during the past decade and want to smooth out the ride. The result in many states is new interest in constitutional tax and expenditure limitations (TELs) and efforts to improve limits where they currently exist.

**Roller Coaster Ride**

States are paying a heavy price for allowing rapid tax revenue growth during the 1990s to fuel an unsustainable expansion in spending. Between fiscal years 1990 and 2001, state tax revenue grew 86 percent. Inflation and population growth grew at a combined rate of 55 percent during that same period.

If states had limited spending growth to the rate of increase in inflation and population, according to analysts from the Cato Institute, state budgets would have been \$93 billion smaller by FY01 than they actually were. The savings are roughly twice the size of today's state budget gaps.

If revenue growth higher than the benchmark had been given back to taxpayers in permanent tax cuts and annual rebates, the rebates could have been temporarily suspended during FY02 and FY03 to provide a cushion with which to balance state budgets.

**Origins in California**

In 1972, Governor Ronald Reagan decided California government was too big, and its swings between feast and famine were too wild and unpredictable. He wanted to reduce the size of state and local governments, putting them on a diet that would control government growth and stabilize their fiscal practices.

The backdrop to Reagan's fiscal initiative was a decade of explosive growth in state government. During the decade of the '60s, when population and inflation increased just over 60 percent, total state spending increased 160 percent, also dwarfing personal income growth of 115 percent. In other words, California government was consuming an ever-larger share of the state economy, threatening the private sector's ability to prosper.

Reagan established the Governor's Tax Reduction Task Force to analyze the problem and come up with some original, surefire answers. The task force presented its work to Reagan in December 1972, having concluded that a constitutional amendment, limiting the growth of taxes and spending year over year, was the answer.

Since this TEL was a case of first impression, the drafters interviewed nearly every financial bureaucrat and fiscal expert in the state to get it right. There were 44 drafts before the proposed amendment was submitted to the legislature and ultimately placed on the state ballot as an initiative at a special election called by the governor in November 1973. The "Revenue Control and Tax Reduction Initiative" was designated Proposition 1.

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## Key Features of TELs

The key elements of Prop. 1 have become the cornerstones of effective TELs--then and now. They are:

- *Limit on government growth.* Prop. 1 limited state expenditures to the then-percent of state personal income (about 8.5 percent) and required that percentage to be reduced by .1 percent per year until it reached 7 percent, at which time the legislature (by a two-thirds vote) could halt the annual reduction.

Other states followed the personal income percentage formula without the annual reductions, which has been found to be entirely too generous. It is now clear that annual increases in expenditures should be limited to the growth in inflation and population, as in the Colorado TABOR model. That approach avoids another element of the original California design, i.e., the establishment of an economic estimates commission to determine the spending limit for the year based on estimates of personal income growth. By using specifically identified population and inflation indicators, government officials cannot "play" with the formula.

- *Defining the tax and spending base.* The California limit exempted a variety of spending and revenues, i.e., bond payments, federal funds, gifts to the state, etc. It has been determined since that broadening the base of included expenditure and revenue sources is the best answer.
- *Super-majority vote on taxes.* Prop. 1 required a two-thirds vote to increase the rate or base of any existing tax or to add a new tax.
- *Tax surplus fund.* Tax revenues in excess of allowable expenditures were to be transferred to the tax surplus fund and refunded to the people. The measure explicitly required the legislature to minimize surpluses by making periodic refunds and reducing tax rates.

A lot has been learned over the years about the games played with such revenues. It is essential to capture these excess funds and rebate them as soon as possible.

- *Emergency fund.* A fund equal to .2 percent of state personal income (about 3 percent of the state budget) was set aside for emergencies, which could be determined by the governor alone.

Over the years this provision has morphed to include a declaration by the governor, super-majority vote by the legislature, and explicit limitation on the types of emergencies, i.e., natural disasters, not economic crises, for which the funds may be used. For economic recessions, a Budget Stabilization Fund is now the recommended approach.

- *Exceeding the limit.* Prop. 1 contained an explicit provision for exceeding the limit based on a vote of the people following a two-thirds vote of the legislature for that purpose. Current models recognize that at any time the people can vote to increase spending/taxes in a measure providing for same and that an existing limit would be adjusted by that amount.
- *State mandates.* The state was required to reimburse local governments for newly mandated programs or increases in the costs of existing mandated programs. This provision is essential to prevent an expenditure-limited state government from shifting costs to locals to escape the real impact of the state limit.

Experience has demonstrated that state governments are very creative in the ways they circumvent this discipline. It is essential that a state watchdog committee or organization, including taxpayer representatives and members of local government, monitor and enforce this provision.

- *Local government tax/expenditure limit.* Prop. 1 recognized that state and local governments are part of a total fiscal system. It would not benefit taxpayers to control state expenditures only to have local governments fill in the gap. Prop. 1 set limits on local property tax rates, which could be changed only by a vote of the people. It allowed emergency expenditures over the limit only upon a four-fifths vote of the local governing board. The legislature could adjust property tax levels to meet special circumstances.
- *Shifts in program responsibilities.* The limits at the state and local levels could be automatically adjusted for shifts of program responsibilities between the state and local units of government and the federal government. This provision has found its way into most current TELs to allow changes in responsibility for welfare, health,

and other programs as between various governmental units.

A TEL is not a substitute for, but an addition to, every other fiscal restraint device extant in any state: gubernatorial line-item veto, impoundment or rescission authority, sunset laws, performance-based budgeting, etc. It will work with a part- or full-time legislature, a biennial or single-year budget, any type of state balanced budget requirement, etc. It will work with any type of tax structure, whether progressive or regressive.

Simply stated, a TEL automatically (constitutionally) says to the governor and legislators, "here's the total amount you may spend this year; you decide how to allocate it and how to raise it." That is the essence of a TEL.

*Next month: Colorado's Taxpayers Bill of Rights*

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*Lew Uhler, president of the National Tax Limitation Committee, chaired then-Governor Ronald Reagan's Tax Reduction Task Force that developed Proposition 1. Uhler has remained active in the TEL movement nationally. Dr. Barry Poulson is a senior fellow in economic policy with the Independence Institute and professor of economics at the University of Colorado.*

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**On the Frontier: Colorado's Taxpayers Bill of Rights**

Part 2 of a three-part series

Author: Lew Uhler and Barry Poulson  
Published: The Heartland Institute 02/01/2004

Colorado is often cited as the state with the most stringent tax and expenditure limit (TEL) in the country. State elected officials nationwide can learn from how Colorado got its TEL and how it is attempting to cope with recent challenges.

**Colorado's Tax Revolt**

One of the most important changes in Colorado tax policy was the adoption in 1987 of a flat income tax set at 5 percent, replacing the graduated income tax. The 5 percent flat rate was not revenue-neutral, capturing much of the windfall from the federal income tax reform of 1986. The income tax burden on Colorado citizens increased significantly, and the state became increasingly reliant on the income tax as a source of revenue.

This increased tax burden, and the rapid growth of government it paid for, set the stage for a tax revolt. A small group of tax fighters, led by Douglas Bruce, garnered the signatures needed to place the Taxpayer Bill of Rights (TABOR) initiative on the ballot. Initially, the measure lost to a coalition of powerful interest groups both public and private. But in 1992 the TABOR won the majority vote required for adoption as an amendment to the state constitution.

Colorado's TABOR is currently the most stringent tax and spending limit in the country. Any increase in taxes, fees, or debt, at either the state or local level, must be approved by the voters. TABOR limits the amount of revenue growth the state can retain and spend to the sum of inflation and population growth. Revenue growth above that limit must be rebated to taxpayers. A similar limit is imposed on the growth of revenue and spending at the local level. The legislature can seek approval from taxpayers to spend surplus revenues.

In the 1990s Colorado experienced one of the most rapid rates of economic growth in the country. But state revenues increased even faster than the growth in personal income. Before TABOR kicked in, the state went on a spending spree, building highways, prisons, university buildings, and other projects at an unsustainable rate.

When TABOR was triggered that spending spree came to a halt. Over the three years from 1997 to 2000, TABOR limited spending growth to inflation and population increases, generating more than \$3 billion in surplus revenue that was used for taxpayer refunds, rebates, and tax cuts.

**Efforts to Circumvent**

One should not underestimate the ability of legislators to circumvent even the most stringent tax and spending limit. TABOR provided that state legislators, through referendum, could request voter approval to spend surplus revenue. One of the first responses of the legislature was to request approval to spend about half the TABOR surplus. That referendum was soundly defeated by the voters.

A more effective ploy for the spenders was to shift more revenue and expenditures off-budget. TABOR also exempted from the limit a state enterprise that received less than 10 percent of its revenue from the state. A number of state enterprises achieved that status, and the University of Colorado was the first state university to apply for

enterprise status.

TABOR also requires voter approval for any increase in public debt. Politicians have circumvented that provision by issuing Certificates of Participation (COPs) through a separate government entity created with the power to issue debt for the construction of a building that is then leased to the government. Theoretically the government is not obligated to repay the debt, although in reality the debt becomes a government obligation.

One of the most egregious actions of the legislature to circumvent the constraints of TABOR has been the deferral of taxpayer rebates by one year. Instead of refunding surplus revenue in the year it is generated, the surplus is placed in the general fund, financing current spending; required refunds are financed from revenue generated in the following year. That scheme worked fine in the 1990s when revenues were growing rapidly; it is a recipe for disaster when the economy enters recession and revenues fall.

Perhaps the most dangerous attack on TABOR was launched by the teacher union in 2000. Through the initiative process, this special interest group enacted Amendment 23 to exempt spending for K-12 government schools from the TABOR limit. Under Amendment 23 the state must maintain a constant rate of growth in spending for education K-12 each year. (This resembles action taken in 1988 by the California Teachers Association to corrupt the California TEL--the Gann Limit--through Proposition 98.)

Amendment 23 requires the state to earmark a share of state income tax revenue for an Education Trust Fund. State spending for K-12 education, now mandated by Amendment 23, has increased more than 12 percent above inflation and enrollment growth during the past four years, now comprising more than 41 percent of the general fund budget.

#### TABOR at Risk

In the current recession the Colorado economy has gone from one of the nation's success stories to a relative basket case. Booms and busts have occurred throughout the state's history. Today those booms and busts are tied not to natural resource industries, as in the past, but rather to industries of the new economy, such as telecommunications and high-technology industries, which have flourished in Colorado. This volatility in the state economy has wreaked havoc with state and local finance.

One explanation for Colorado government's fiscal crisis is changes in tax policy. The progressivity built into the income tax, despite the adoption of a flat rate income tax, means income tax revenues fall more rapidly than the decline in personal income. The increased share of state revenues generated by the income tax has increased its volatility vis-à-vis state revenues. Recent tax cuts have reduced the income tax rate to 4.63 percent; further reductions in the rate, to between 4.00 and 4.25 percent, would be required to return that tax to complete revenue-neutrality.

Another explanation for Colorado's fiscal crisis has been the overlay of the various constitutional provisions, in addition to TABOR, which control the fiscal outcome: property tax controls, Amendment 23's school mandates, the statutory spending cap, etc. Also, the ratcheting down requirements of TABOR for both property taxes, during a time of falling assessed values, and of the state tax and spending limit, during a time of declining revenues, has exacerbated the recession effects on government resources. All of this has stirred some big-spending Coloradans to claim TABOR is to blame and to call for its complete repeal.

#### TABOR Reforms

To head off such a calamity, TEL experts and proponents have been debating various reforms and improvements of TABOR to prevent what are considered by some to be harsh--and inappropriate--outcomes. Among the suggested reforms:

- *Eliminate the "ratchet-back" effect.* Under TABOR, when revenues decline, the spending limit falls in tandem so that the level of government spending starts anew from a lower base when the recession is over and economic recovery begins. Many tax limitation proponents prefer this approach and outcome. But it opens the TEL to unnecessary criticism and risk.

An alternative that would work for both state and local governments would be to maintain the spending limit at the

previous year's level throughout a recession, allowing it to increase only when revenues equal or exceed the spending limit. During this period, the decline in actual revenues would be offset by funds from the budget stabilization fund (see discussion below). This approach would prevent big spenders from calling for tax increases to fill in the "revenue gap."

- *Establish a budget stabilization fund.* In periods of rapid growth, when the state is generating surplus revenue above the revenue limit, a portion of the surplus revenue could be allocated to a budget stabilization fund, with the rest allocated to tax cuts and tax refunds. When the economy enters a recession, funds would be transferred automatically from the budget stabilization fund to the general fund to offset revenue shortfalls.
- *Establish a true emergency fund.* In addition to the budget stabilization fund, and entirely separate from it, would be a fund to meet natural and other non-economic disasters when declared by the governor and agreed to by a supermajority of the legislature. Expenditures from the emergency fund would require an appropriation. Replenishment of the fund would be a top budget priority.

*Next month: Lessons from 30 years of TEL experience*

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