SCOMM

45:2

Original sponsor: Rules/Governor

IN THE SENATE BY THE FREE CONFERENCE COMMITTEE

FREE CONFERENCE CS FOR SENATE JOINT RESOLUTION NO. 4

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - FIRST SESSION

Proposing an amendment to the Constitution of the State of Alaska relating to limiting increases in appropriations.

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

* Section 1. Article IX, Constitution of the State of Alaska, is amended by adding a new section to read:

SECTION 16. APPROPRIATION LIMITATIONS. Except for appropriations to the Alaska permanent fund, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-state source in trust for a specific purpose, appropriations from the treasury for a fiscal year shall not exceed \$2,000,000,000 by more than the cumulative change in population and inflation, as defined by law, since July 1, 1979. The governor may propose bills for appropriations in excess of this limit for capital improvements of the same type in separate bills for each type of capital improvement, and the legislature may approve, without amendment, each bill by a two-thirds vote of each house. No other appropriation in excess of this limit may be proposed by the governor or approved by the legislature unless to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unappropriated balance to be invested so as to yield competitive market rates to the treasury.

* Sec. 2. The amendment 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.

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED AS A UNIT IN THE ORIGINAL DOCUMENT

Emergency -

40% from State -

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH [illegible]
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM June 10, 1981

TO: Senator Mike Colletta

FROM: Billy G. Berrier BGB
Director
Division of Legal Services

SUBJECT: Expenditure Limits

I am enclosing SSSJR 52 and SB 558 which you introduced last session.

There is little backup material in the file since we used material I had gathered at a seminar in Salem, Oregon on the subject. Most of that material is now brought up to date by the Tax and Expenditures Limitation booklet issued by the Council of State Government which sponsored the seminar. I am enclosing that booklet, the Tennessee Constitution and statute which was used as a base and a copy of a newspaper article discussing the municipalities in California under Proposition 13.

BGB:blg

Enclosures

THE WALL STREET JOURNAL,
Friday, June 1, 1979

Catch-13

Californians Discover Tax-Cut Mania Has A Corollary: Fee Fever

A Year After the Big Slash, Localities Soak Citizens For All Kinds of Services

Pricing Poor Out of Parks?

By STEPHEN J. SANSWEET
Staff Reporter of THE WALL STREET JOURNAL

Students in Glendale, Calif., who need to brush up on their skills at summer school this year will have to pay as much as $110 for the sessions. Last year they were free.

Los Angeles art and nature lovers put up with recently imposed admission charges of up to $1.50 for once-free visits to county museums and botanic gardens.

Builders in the San Diego suburb of La Mesa find that the cost of fees and permits for an average house has rocketed to $1,253 from just $43 in early 1978.

In the year since Californians voted themselves a deep cut in property-tax payments under Proposition 13, they have been increasingly confronted with new or rapidly escalating fees, charges and other costs for services and programs local governments previously paid for from general revenue. So far, the average homeowner is still coming out ahead, but the gap is narrowing. And the non-tax-deductible fees are a particular blow for the large number of renters in the state who received little, if any, benefit from last year's initiative.

Prostituting 13

"The real meaning of Proposition 13 is being prostituted right and left by local government," charges Paul Gann, cosponsor of the initiative that ignited national tax-cutting fever when California passed it last June 6. "We got the property taxes cut, but they immediately took the dough back in another way."

Mr. Gann's response has been to join in several suits challenging fees, as well as to sponsor a new initiative, the "Spirit of 13," that would limit spending by the state and local governments. The measure will be on the ballot by June 1980 at the latest, and political observers think it has a good chance of enactment.

But regardless of whether the "Spirit of 13" passes, the original "13" has wrought a fundamental and probably irreversible change in the way Californians pay for services, programs and facilities provided by the state's 58 [illegible] and [illegible] special districts. [illegible] have praised the new [illegible] others fear its possible negative effects on such groups as low- or fixed-income people and first-time home buyers.

Cities Recoup 19%

Proposition 13, which limited property taxes to 1% of the 1975-76 assessed market value and restricted assessment increases, cut about $550 million from city revenues. According to the latest available statistics, compiled last fall, the cities made up 19% of this, or $103 million, from new or higher fees and service charges in the months just before and after Proposition 13 took effect. (Much of the rest was made up by bail-out legislation that distributed surplus state revenue.)

Counties, which lost nearly $1.5 billion in property-tax revenue, added only $22 million in fees. An incomplete survey of special districts, each of which is set up to raise money for a purpose such as sewers or hospitals, showed higher fees and charges of around $70 million, compared with a property-tax loss of $291 million.

Most observers believe that the initial rush to impose fees was only the beginning. "If state bail-out funds decrease as projected . . . local government officials will be increasingly tempted to raise existing fees and create new ones," a state task force that studied the situation predicts. "Fees are one of the few mechanisms open to local governments for raising added revenues."

Fees for Sidewalk Repair

After lengthy debate and several changes of mind, the Los Angeles city council recently passed a residential trash-collection fee ranging from $1.50 to $5 a month. There wasn't any agonizing earlier when the city imposed or raised fees for such things as dog licenses, use of recreation facilities, emergency ambulance transportation, fire-safety inspections and repair of cracks in sidewalks, to name a few.

Besides Mr. Gann's "Spirit of 13" and the numerous lawsuits, other attempts are being made to stem the upward spiral of fees. Several bills pending in the California legislature would restrict the kinds of fees that could be levied and limit each fee to the cost of the service provided. Also, state attorney general George Deukmejian has just issued an advisory opinion that several new fees are actually special taxes and thus require approval of two-thirds of the electorate under terms of Proposition 13.

The residential-construction industry has been hit with an especially large number of fee increases. Prior to Proposition 13, existing homeowners in a community, in effect, partially subsidized new development, because their property taxes helped pay for such things as sewer hookups and new streets. With the taxes reduced, localities have switched the cost of new developments to builders, who, in turn, have passed it on to home buyers. Fees are up in more than a dozen items ranging from filing of plans to on-site inspections.

"There's no question that higher fees are pricing moderate-income Californians out of the new housing market," says Fred Case, professor of urban land economics at the University of California at Los Angeles. "Any individual fee increase may not seem like a lot, but when you add them together they can be staggering. And unlike property taxes, higher fees can't be deducted from [illegible]

Please Turn to Page [illegible], Column [illegible]

Catch-13: A Year After Tax Cut, Californians Run Into Fee Fever

Continued From First Page

come taxes." Mr. Case says his study of construction in Los Angeles shows 30 new requirements that produce higher costs for builders.

The California Building Industry Association says the median bill for construction-related fees and service charges across the state has risen 26% in the last year, but the range is all the way from zero to $3,000 for an average three-bedroom house. "Builders are in a difficult position," says Norman Jachens, spokesman for the trade group. "We don't want to be blamed for local governments being unable to fund improvements for new housing. But we don't want to be easy pickings to make up for Proposition 13 losses either."

Even simple modifications or additions to existing homes "have become a rich man's game," says Donald E. Cunningham, a Los Angeles land-use consultant. "It costs $1,200 to $1,300 in fees before you even walk up to the counter with your final plans, and the city and county are about to raise the fees again."

Focus on Sales Taxes

Some communities are using the fund crunch to further their "no-growth" policies. One state survey concludes that many localities aren't any longer interested in luring residential or industrial development because of the low property-tax revenue relative to the cost of capital improvements and services. Instead, they are competing more vigorously for commercial establishments, which generate sales-tax revenue.

Raymond Jallow, senior vice president and economist at United California Bank, is concerned at what he sees as a rush to impose or raise business and licensing fees without knowing the consequences. Beverly Hills businessmen, for example, are faced with business-fee increases of up to 1,300%, and Los Angeles County is raising license fees for everyone from weed eradicators to "massage technicians."

"While the economy is still expanding, there might not be much impact," says Mr. Jallow. "But in any slowdown, many of the fees will prove detrimental because they will drive away business and professional people. Some fees haven't been changed in 100 years and certainly should be raised, but others are going up without any direct justification, just to raise revenue."

Effects on the Poor

Many officials concede that tying the level of a fee to the cost of the service performed would often be guesswork. Because of archaic accounting and bookkeeping systems and the difficulty in allocating overhead expenses, service charges frequently bear little relation to service costs, UCLA's Professor Case says. "They usually err on the high side, and the money just goes to the general fund anyway," he says. "Los Angeles raised building-permit fees but still laid off people in the department, so we're paying more money for less service."

[illegible] on Government Reform, appointed by Gov. Edmund G. Brown Jr. to suggest ways to cope with Proposition 13, is the effect of new and higher fees on the quality of life, particularly that of the lower-income groups that tend to use public facilities the most.

"Low-income residents may find fees prohibitive to the enjoyment of a park or a community swimming pool as these fees are increased," a commission task force warns. Attempts to set a rate structure subsidizing such groups would require a bureaucracy that in itself would lead to even higher costs, the report adds.

"We don't want to turn parks and swimming pools into country clubs for the middle-class and the rich," says Larry Naake, executive director of the California Park and Recreation Society, a professional group. "Fees may increase total revenue, but already attendance is down everywhere from the Sacramento zoo to inner-city pools and parks." Mr. Naake says a recent survey by his group shows that 85% of the park and recreation agencies in the state have raised fees, the boosts ranging from 30% to 400%.

Fees have been instituted at previously free museums, while charges at beaches and campgrounds are up substantially and fines for overdue library books have doubled or tripled in many cases. Community colleges, almost wholly dependent on property-tax revenue, have started charging for formerly free classes and services. As a result, attendance at noncredit courses – mainly recreation, crafts and courses for senior citizens – dropped 26% this past semester. Some 20% of 4,800 noncredit courses were shelved.

Localities have come up with some innovative ways to replenish their coffers. Oakland enacted an employe license fee based on salary earned in the city. Inglewood has instituted a fire-service fee based on the relative fire risk of each structure and the amount of water, personnel and equipment that would be needed to extinguish a major blaze there. Pasadena's board of directors enacted an ordinance that will adjust all taxes, fees and charges annually based on the preceding year's consumer price index. The directors retain the option to veto any particular increase.

Theoretically, communities could raise fees and charges to cover all their property-tax losses. But political realities, strong lobbying by interest groups and public opinion have helped to mitigate the increases. When put to the test of advisory or actual votes, proposed fee increases have failed in cities ranging from San Francisco to Palos Verdes Estates.

The ultimate tool of the angry taxpayer, the recall election, also has been used successfully. Voters recalled two members of the Simi Valley city council who were identified as leaders of the move that raised the annual sanitation service charge to $96 a home from $60. And voters in Sacramento County recalled four members of the San Juan Unified School District who had voted to contribute $1,000 in district funds for a lawsuit challenging Proposition 13.

Proposition 13 author Howard Jarvis holds birthday cake during its first anniversary yesterday

AP

Proposition 13's Final Impact Is Still An Unknown Quantity

SACRAMENTO, Calif. (AP) — Proposition 13, the tax cut measure that set off a nationwidetax revolt, hasn't lived up to the promises of supporters or to the warnings of foes — at least not yet.

Californians approved the $7 billion property tax cut a year ago yesterday, but it still is a largely unknown quantity, its impact blunted by massive state aid to local governments.

That doesn't mean that some government workers haven't lost jobs and some government programs haven't been cut. The state's school system has been wounded but remains afloat. There have been no significant cuts in police and fire services. Recreation programs were cut sharply, and in many cases fees were imposed.

Still, the aid financed by a state budget surplus has reduced the full impact of Proposition 13. And although shrinking, the surplus is still big enough to soften 13's impact for another year. What happens after that depends on the health of California's economy, efforts to reform government financing and pending new voter initiatives.

"The fallout from 13 is going to be long-term fallout," says Ralph Flynn, executive director of the California Teachers Association. "It's not going to be an instant whop over the head."

Cuts so far have often hit those least able to care for themselves: the poor, the elderly, and the young.

But many Proposition 13 supporters see it as only a first step to cut waste in government, and they are pushing new proposals aimed at restricting taxes and government spending.

Those measures include separate initiatives by Proposition 13 co-authors Howard Jarvis and Paul Gann.

Gann's proposal, which has qualified for the ballot later this year or in 1980, limits government spending on a formula based on price increases and population growth. Jarvis' pending initiative would cut the state income tax in half, a $3 billion annual tax cut.

Although Proposition 13 didn't force an overall cut in spending by local governments in 1978-79, it kept spending increases below inflation and average increases for recent years.

It also produced a significant reduction in the state and local government workforce.

In human terms, the statistics represent people such as Gloria Davis, who spent eight years teaching in San Francisco schools and was described by school board member Myra Kopft as "one of the best we have . . . a very rare teacher."

But in April, Ms. Davis resigned rather than fight a layoff notice, one of about 2,200 sent out by the district. She now works for a bank.

For Debra Walker, Proposition 13 means getting by without a cost-of-living increase in welfare. Ms. Walker, 22, was receiving $287 a month when the rent for her San Jose apartment she shares with a 2-year-old son went up $75 a month.

"It was a matter of eating and not paying my rent. So now I am getting evicted," she said.

The other side of the Proposition 13 story is told by Paula Fatjo, who owns 7,000 acres of farm land near Los Banos on the hilly western edge of the San Joaquin Valley.

The land has been in Ms. Fatjo's family since her great-great-grandfather Francisco Pacheco obtained it in an 1843 Mexican land grant.

She said before 13 cut property taxes 57 percent, she was paying $4 an acre in taxes on land that brought in $6 an acre lease income, not enough to enable her to keep the land.

M E M O R A N D U M   May 5, 1980

SUBJECT: Spending limitations - SSSJR 52 and SB 558

TO: Senator Mike Colletta

FROM: Billy G. Berrier
Director
Division of Legal Services

You have requested a synopsis of the proposed constitutional amendment, SSSJR 52, and the companion bill, SB 558, relating to limitation on spending by the state.

The basic thrust of the constitutional amendment is the prohibition against the rate of growth of appropriations from state revenues exceeding the rate of growth of the economy of the state. Appropriations for the permanent fund and for capital improvements are excepted from this prohibition.

The amendment allows this growth rate in appropriations to be exceeded if a state of emergency is declared to exist as provided by law. It provides that for the three succeeding years the appropriations limit be adjusted equally so that for the four-year period, consisting of the year in which the emergency existed and the following three years, total appropriations may not exceed the amount that would have been available had there been no emergency.

The amendment provides that revenue in excess of the appropriation limit shall be distributed to the taxpayers of the state as provided by law. It also prohibits laws which require increased expenditures by political subdivisions from becoming effective unless the legislature has provided that the state bear the added cost.

The limiting phrase "estimated growth of the economy of the state" as used to set the maximum for appropriation growth must be defined by law.

Under SB 558 the growth rate is based upon projected changes in Alaska personal income. The components of Alaska personal income are those included in the United States Department of Commerce's definition of personal income. The Commissioner of Commerce and Economic Development must, before January 30th of each year, certify to the legislature the projected income, the change from the present fiscal year income and the percentage of change.

BGB:jdn

Introduced: 4/11/80
Referred: Judiciary and Finance

IN THE SENATE

BY COLLETTA, BENNETT, FAHRENKAMP, KERTTULA AND HACKNEY

SPONSOR SUBSTITUTE FOR SENATE JOINT RESOLUTION NO. 52

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitution of the State of Alaska relating to limiting increases in expenditures and requiring payment by the state of mandated increased expenditures of a political subdivision of the state.

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

* Section 1. Article IX, Constitution of the State of Alaska is amended by adding new sections to read:

SECTION 16. APPROPRIATION GROWTH LIMIT. In no year shall the rate of growth of appropriations from state revenues, excepting appropriations to the permanent fund established in Section 15 of this article and excepting appropriations for capital improvements, exceed the estimated rate of growth of the economy of the State as determined by law. An appropriation in excess of this limit shall not be made unless a state of emergency is declared to exist, as provided by law. The appropriation limit for each of the three years following the declaration of emergency shall be adjusted equally so that the total appropriations for the year of the emergency and the succeeding three years do not exceed the appropriations which could have been made under this section if no emergency had been declared. The limit on rate of growth of appropriations for each year shall be calculated without regard to a declared emergency or the subsequent three-year adjustment.

SECTION 17. RETURN OF REVENUES TO TAXPAYERS. Revenues received by the State in excess of the amount appropriated in compliance with this article during a fiscal year shall be distributed to the taxpayers of the State as provided by law. No appropriation is required for a distribution under this section within the succeeding fiscal year.

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

SECTION 22. INCREASED COSTS TO POLITICAL SUBDIVISIONS. No general law requiring increased expenditures by a political subdivision shall become effective unless the legislature has provided that the State pay the amount of increased cost to the political subdivision.

* 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.

Introduced: 2/18/80
Referred: Judiciary and Finance

IN THE SENATE

BY COLLETTA, BENNETT, FAHRENKAMP, KERTTULA AND HACKNEY

SENATE JOINT RESOLUTION NO. 52

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

Proposing an amendment to the Constitution of the State of Alaska relating to limiting increases in expenditures and requiring payment by the state of mandated increased expenditures of a political subdivision of the state.

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

* Section 1. Article IX, Constitution of the State of Alaska is amended by adding new sections to read:

SECTION 16. APPROPRIATION GROWTH LIMIT. In no year shall the rate of growth of appropriations from state revenues, excepting appropriations to the permanent fund established in Section 15 of this article, exceed the estimated rate of growth of the economy of the State as determined by law. An appropriation in excess of this limit shall not be made unless a state of emergency is declared to exist, as provided by law. A state of emergency may not be declared if a state of emergency has been declared within the preceding three years. The appropriation limit for each of the three years following the declaration of emergency shall be adjusted equally so that the total appropriations for the year of the emergency and the succeeding three years do not exceed the appropriations which could have been made under this section if no emergency had been declared. The limit on rate of growth of appropriations for each year shall be calculated without regard to a declared emergency or the subsequent three-year adjustment.

SECTION 17. RETURN OF REVENUES TO TAXPAYERS. Revenues received by the State in excess of the amount appropriated in compliance with this article during a fiscal year shall be distributed to the taxpayers of the State as provided by law. No appropriation is required for a distribution under this section within the succeeding fiscal year.

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

SECTION 22. INCREASED COSTS TO POLITICAL SUBDIVISIONS. No general law requiring increased expenditures by a political subdivision shall become effective unless the legislature has provided that the State pay the amount of increased cost to the political subdivision.

* 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.

Introduced: 4/11/80
Referred: State Affairs

IN THE SENATE BY THE RULES COMMITTEE

SENATE BILL NO. 558

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to estimation of the rate of growth of the Alaska economy; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 37.25 is amended by adding a new section to read:

Sec. 37.25.030. BASIS FOR ESTIMATED RATE OF GROWTH OF ECONOMY. The estimated rate of growth of the state's economy shall be based on the projected change in Alaska personal income. Alaska personal income consists of those sources of income included in the United States Department of Commerce's definition of personal income. Before January 30 of each year the commissioner of commerce and economic development shall certify to the legislature the projected Alaska personal income for the following fiscal year, the change from the present fiscal year, and the percentage of change.

* Sec. 2. This Act takes effect on the effective date of an amendment to the Constitution of the State of Alaska substantially as proposed in a version of Senate Joint Resolution No. 52.

original submission by chamber

HOUSE JOINT RESOLUTION NO. ____

Section 1. The Constitution of the State of Alaska is amended by adding a new Article to read:

ARTICLE IX (A)

STATE GOVERNMENT SPENDING LIMITATION

SECTION 1. The purpose of this Article is to impose spending limits on the State government which reflect prevailing economic conditions. A liberal construction shall be given to this Article to achieve that purpose.

SECTION 2. As used in this Article and except as expressly otherwise provided herein:

(a) The "appropriations limit" of the State government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 3 and Section 4 of this Article. The "appropriations limit" of the State government for fiscal year 1979 shall be the total appropriations subject to limitation for that fiscal year, exclusive of budget surpluses.

(b) "Appropriations subject to limitation" shall mean any authorization to expend during a fiscal year the proceeds of taxes or other revenues levied and collected by or for the State, other than the following:

(i) discretionary subventions made pursuant to Sections 5(a)(i)(ii) of this Article;

(ii) refunds of taxes;

(iii) benefit payments from retirement, unemployment insurance, and disability insurance funds;

(iv) constitutional or legislative authorizations for investment of the Permanent Fund;

(v) loan funds or indebtedness funds, investments (or authorizations to invest) funds of the State, in accounts at banks or savings and loan associations or in liquid securities;

(vi) debt service;

(vii) appropriations for capital improvement projects in an amount not to exceed 25% of the appropriations limit for each fiscal year; or

(viii) appropriations required for the purpose of complying with mandates of any court of competent jurisdiction and any appeal therefrom, or of legally binding mandates of the federal government (exclusive of payments mandated and not paid under the Alaska Native Claims Settlement Act) rendered after adoption of this Article, which, without discretion, require an expenditure for additional services or which unavoidably make the provision of existing services more costly.

(c) "Cost of living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States government; provided, however, that for purposes of Section 3, the change in the Consumer Price Index from the preceding year shall in no event exceed the change in Alaska per capita income from said preceding year as reported by the Alaska Department of Labor or successor agency of the State of Alaska.

(d) "Debt service" shall mean appropriations required to pay the cost of principal, interest, and related charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1980, or on bonded indebtedness thereafter approved according to law.

(e) "Local government" shall mean any entity, district, authority, or other political subdivision of or within the State created pursuant to Article X.

(f) "Net changes" in the Consumer Price Index, population, or Alaska per capita personal income shall equal the mathematical sum of the percentage change in applicable criteria between 1980 and the year in question. The change in the cost of living shall be determined by computing the percentage difference, if any, between the Consumer Price Index figure for 1980 and the Consumer Price Index figure for the year when such adjustment is made. The change in population shall be determined by computing the percentage difference, if any, between the population of the State in 1980 and the population for the year when such adjustment is made. The Alaska per capita personal income shall be substituted for changes in the Consumer Price Index if required by Section 2(c), and shall be determined by computing the percentage difference, if any, between the Alaska per capita personal income for 1980 and the Alaska per capita personal income for the year when such adjustment is made.

(g) "Other revenues" shall mean all money receipts to the State except those receipts from the sale of bonds or receipts of the State which are placed in the Permanent Fund, and private voluntary endowments.

(h) "Permanent Fund" shall mean the Alaska Permanent Fund as authorized and established by Article IX, Section 15.

(i) "Population" shall mean permanent resident individuals of the State and shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised as necessary to reflect the periodic census conducted by the United States Department of Commerce or successor agency of the United States Government.

(j) "Proceeds of taxes" shall include, but not be limited to, the receipts from all taxes imposed by the State of Alaska, subventions from any other government entity, and income therefrom received by the State.

(k) "Subventions" shall mean any endowment, subsidy, or other financial assistance provided by one entity of government to another.

SECTION 3. The total annual appropriations subject to limitation of the State government shall not exceed the appropriations limit for the prior year adjusted for net changes in the cost of living and population except as otherwise provided in this Article.

SECTION 4. Revenues received by the State government in excess of that amount which is appropriated by it in compliance with this Article during a fiscal year shall be distributed, pro rata, to the taxpayers of the State within the next fiscal year. The refund due a taxpayer shall equal the product of excess revenues and the ratio of total taxes paid to the State of Alaska by all taxpayers to the taxes paid by that taxpayer receiving a refund.

SECTION 5. The appropriations limit for any fiscal year pursuant to Section 3 shall be adjusted as follows:

(a) If the Legislature or any State agency transfers the financial responsibility of providing services, in whole or in part, from the State government to any local government, or mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention funds for:

(i) legislative mandates defining a new crime or changing an existing definition of a crime; or

(ii) legislative mandates enacted prior to January 1, 1975, or Executive Orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) If the financial responsibility of providing services is transferred, in whole or in part, from any entity of State government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from the proceeds of taxes or other revenues to appropriations which are not subject to limitation, then for the year of such transfer the appropriations limit shall be decreased accordingly.

(c) If a state of emergency is lawfully declared by the State government, the appropriations limit may be exceeded, provided that the appropriation limits in the following three (3) years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency. No state of emergency may be declared that requires the appropriations limit to be exceeded if a state of emergency has been declared within the preceding three (3) years or if the State government has failed to make the appropriations reduction required by this Section.

SECTION 6. Each entity of State government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust or similar fund as it shall deem reasonable and proper. Excepting contributions to the Permanent Fund, contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes or other revenues, shall, for purposes of this Article, constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.

SECTION 7. Nothing in this Article shall be construed to impair the ability of the State to meet its obligations with respect to existing or future bonded indebtedness.

SECTION 8. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

SECTION 9. If any appropriations category shall be added to or removed from appropriations subject to limitation, pursuant to final judgment of any court of competent jurisdiction and any appeal therefrom, the appropriations limit shall be adjusted accordingly. If any section, part, clause, or phrase of this Article is for any reason held invalid or unconstitutional, the remaining portion shall not be affected but shall remain in full force and effect.

Section 2. The amendment proposed by this Resolution shall be placed before the voters at the next general election in conformity with Article XIII, Section 1, Constitution of the State of Alaska, and the election laws of the State.

State spending (1978)

TENNESSEE

become a law, until it shall have been read and passed, on three different days in each House, and shall have received, on its final passage in each House, the assent of a majority of all the members to which that House shall be entitled under this constitution; and shall have been signed by the respective speakers in open session, the fact of such signing to be noted on the Journal; and shall have received the approval of the Governor, or shall have been otherwise passed under the provisions of this constitution.

PROPOSED AMENDMENT

A bill shall become law when it has been considered and passed on three different days in each House and on third and final consideration has received the assent of a majority of all the members to which each House is entitled under this Constitution, when the respective speakers have signed the bill with the date of such signing appearing in the Journal, and when the bill has been approved by the Governor or otherwise passed under the provisions of this Constitution.

ARTICLE II

SECTION 24—Relative to devising a method by which the state of Tennessee reaches a position of making annual appropriations from funds in hand as opposed to appropriations against estimated revenues, with any ceiling provided on appropriations being expressed in some terms other than dollar amounts:

EXISTING LANGUAGE

SECTION 24. Appropriations of public moneys.—No money shall be drawn from the treasury but in consequence of appropriations made by law; and an accurate statement of the receipts and expenditures of the public money shall be attached to and published with the laws at the rise of each stated session of the General Assembly:

PROPOSED AMENDMENT

SECTION 24. Appropriation of public moneys.—No public money shall be expended except pursuant to appropriations made by law. Expenditures for any fiscal year shall not exceed the state's revenues and reserves, including the proceeds of any debt obligation, for that year. No debt obligation, except as shall be repaid within the fiscal year of issuance, shall be authorized for the current operation of any state service or program.

nor shall the proceeds of any debt obligation be expended for a purpose other than that for which it was authorized.

In no year shall the rate of growth of appropriations from state tax revenues exceed the estimated rate of growth of the state's economy as determined by law. No appropriation in excess of this limitation shall be made unless the General Assembly shall, by law containing no other subject matter, set forth the dollar amount and the rate by which the limit will be exceeded.

Any law requiring the expenditure of state funds shall be null and void unless, during the session in which the act receives final passage, an appropriation is made for the estimated first year's funding.

No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.

An accurate financial statement of the state's fiscal condition shall be published annually.

ARTICLE III

SECTION 4—Relative to the governor's term of service:

EXISTING LANGUAGE

SECTION 4. Governor's term of service.—The Governor hereafter elected shall hold office for four years, and until his successor shall be elected and qualified. One succeeding to the vacated office during the first eighteen calendar months of such term shall hold office until his successor to such vacated office is elected at the following election for members of the General Assembly and qualified for the remainder of the term, as provided in Section 2 of this Article and Section 3 of Article II; and one succeeding to said vacated office subsequent to the first eighteen months of the term shall continue to hold office for the remainder of the full term. No Governor elected and qualified for a four year term shall be eligible for the succeeding term. [As Amended: Adopted in Convention May 19, 1953; Approved at election November 3, 1953; Proclaimed by Governor November 19, 1953.]

PROPOSED AMENDMENT

SECTION 4. Governor's term.—The Governor shall be elected to hold office for four years and until a successor is elected and qualified. A person may be eligible to succeed in office for additional four-year terms, provided that no person

9-617 — 9-620. [Reserved.]

9-621. Basis for estimated rate of growth of economy. — The estimated rate of growth of the state's economy shall be based upon the projected change in Tennessee personal income. Tennessee personal income shall consist of those sources of income included in the United States department of commerce's definition of personal income. [Acts 1979, ch. 408, § 1.]

Effective Dates. Acts 1979, ch. 408, § 6. May 31, 1979.

9-622. Reports of estimated rate of growth of economy — Duties of state funding board. — (a) At least once each year, and whenever requested to do so by the commissioner of finance and administration or by the joint request of the chairmen of the finance, ways and means committees of the senate and house of representatives, the state funding board shall secure from the Tennessee econometric model a report of the estimated rate of growth of the state's economy. Such report shall include the major assumptions and the methodology used in arriving at such estimate.

(b) Upon receiving the report specified in subsection (a), the state funding board shall make comments relating to the reasonableness of the estimate including any different estimate the board deems necessary.

The board shall also enclose a list identifying state tax revenue sources and nontax revenue sources, approved by the attorney general. The department of finance and administration shall provide to the board revenue estimates for each source.

(c) In the event data from Tennessee econometric model is unavailable, the funding board, after consulting with the finance, ways and means committees of the senate and house of representatives shall obtain and/or prepare a report of the estimated rate of growth of the state's economy.

(d) The reports specified in subsections (a), (b) and (c) shall be forwarded to the commissioner of finance and administration and to each member of the general assembly, after review and definitive comment by the finance, ways and means committees of the senate and house of representatives. [Acts 1979, ch. 408, § 2.]

Effective Dates. Acts 1979, ch. 408, § 6. May 31, 1979.

9-623. Governor's budget document — Bill to permit appropriation to exceed economic index. — (a)(1) The budget document presented by the governor to the general assembly shall include a statement or summary showing projected Tennessee personal income for the calendar year in progress, estimated Tennessee personal income for the latest completed calendar year, 1977 Tennessee personal income, and a recommended economic index for the calendar year in progress and for the latest

completed calendar year,
estimate by 1977 Tennes
one hundred (100), p
recommended economic
from state tax revenues
adjusted economic ind
calculations of the reco
(2) The budget docum
statement or summary s
revenues for the ensu
recommended such ap
1977-78 fiscal year a
recommended appropria
fiscal year and for the fi
dividing each year's est
from state tax revenue
(b) In any year in wh
revenues index exceeds
part of the financial pla
law, shall submit a bill
assembly to permit the
index to exceed the ec
amount by which the ec
ch. 408, § 3.]

Compiler's Notes. Section
ch. 408 provided: "The provis
shall not apply until fiscal y
the commissioner of
administration shall, in consu
chairmen of the finance, w

9-624. Indexes to b
appropriations not to
of growth of appropriat
in the state's economy
be enacted as required
Constitution of the stat
used:
(1) Economic index
Tennessee personal in
hundred (100) each ti
estimated rate of chang
approve revisions to th
one hundred (100) shal
personal income for ea
with the Tennessee p

completed calendar year, such index to be calculated by dividing each year's estimate by 1977 Tennessee personal income and multiplying the results by one hundred (100), provided, however, that in no year shall the recommended economic index exceed the recommended appropriations from state tax revenues index by more than five percent (5%), and such adjusted economic index shall become the base for subsequent years' calculations of the recommended economic index.

(2) The budget document presented by the governor shall also include a statement or summary showing recommended appropriations from state tax revenues for the ensuing fiscal year, actual such appropriations plus recommended such appropriations for the fiscal year in progress, the 1977-78 fiscal year appropriations from state tax revenues, and a recommended appropriation from state tax revenues index for the ensuing fiscal year and for the fiscal year in progress, such index to be calculated by dividing each year's estimate by fiscal year 1977-78 actual appropriations from state tax revenues and multiplying the results by one hundred (100).

(b) In any year in which the recommended appropriations from state tax revenues index exceeds the recommended economic index, the governor, as part of the financial plan submitted to the general assembly as required by law, shall submit a bill or bills for introduction in both houses of the general assembly to permit the recommended appropriation from state tax revenues index to exceed the economic index. Such bill shall state the rate and amount by which the economic index is proposed to be exceeded. [Acts 1979, ch. 408, § 3.]

Compiler's Notes. Section 5 of Acts 1979, ch. 408 provided: "The provisions of Section 3 shall not apply until fiscal year 1979-80, but the commissioner of finance and administration shall, in consultation with the chairmen of the finance, ways and means committees of the senate and house of representatives, provide a report which furnishes the information required by § 3."

Effective Dates. Acts 1979, ch. 408, § 6. May 31, 1979.

9-624. Indexes to be used in comparing rates of growth — Index of appropriations not to exceed economic index. — (a) In comparing the rate of growth of appropriations from state tax revenues with the rate of growth in the state's economy for the purpose of determining if a separate law shall be enacted as required by the second paragraph of article II, § 24 of the Constitution of the state of Tennessee, the following two (2) indexes shall be used:

(1) Economic index shall be that factor obtained by considering 1977 Tennessee personal income as one hundred (100) and adjusting the one hundred (100) each time the general assembly by law shall approve an estimated rate of change in the state's economy. The general assembly may approve revisions to the estimated rate of change in the state's economy. The one hundred (100) shall be adjusted by the percentage change of Tennessee personal income for each year for which estimates are approved compared with the Tennessee personal income for calendar year 1977, provided,

however, that in no year shall the economic index exceed the index of appropriations from state tax revenues, as calculated in subsection (a)(2) of this section, by more than five percent (5%) and the adjusted economic index shall become the base for subsequent years' calculations of the economic index.

(2) The index of appropriations from state tax revenues shall be that factor obtained by considering fiscal year 1977-78 appropriations from state tax revenues as one hundred (100) and adjusting the one hundred (100) for the total appropriation from state tax revenues the general assembly makes for any given fiscal year, including an estimate of such appropriations which are not for a specific sum of money. The one hundred (100) shall be adjusted by such estimated percentage change of appropriation from state tax revenues from fiscal year 1977-78 for each year for which such appropriations are made.

(b) In no fiscal year shall the index of appropriations from state tax revenues exceed the economic index for the comparable year or period unless the general assembly shall, by law containing no other subject matter, set forth the dollar amount and the rate by which the economic index will be exceeded. Comparable year or period shall consist of any calendar year for the economic index and the corresponding fiscal year which begins during that calendar year. [Acts 1979, ch. 408, § 4.]

Effective Dates. Acts 1979, ch. 408, § 6. May 31, 1979.

9-625 — 9-630. [Reserved.]

9-631. Statutes providing base apportionment for determining additional state revenues. — Funds apportioned as state-shared taxes to county and municipal governments for any fiscal year under authority of the following statutes shall provide the base apportionment for the purpose of determining the availability of additional state revenues to meet the requirement of article II, § 24, of the Constitution of Tennessee that the state share in the cost of any law of general application imposing increased expenditure requirements on cities and counties:

(1) Retailers' sales tax, as authorized by chapter 30 of title 67 and apportioned by § 67-3047.

(2) Gross receipts taxes, such portions as are authorized as payments to the state from the Tennessee Valley Authority under section 13 of the act of congress creating the authority, as amended, and apportioned under §§ 67-2401(b) and 67-2402(a).

(3) Income tax on dividends and interest, as authorized by chapter 26 of title 67 and apportioned by § 67-2633.

(4) Special privilege tax on beer, as authorized by chapter 2 of title 57 and apportioned by § 57-217.

(5) Gross receip
authorized by cha
(6) Tax on sale
1 of title 57, and

Compiler's Notes.
Tennessee Valley
referred to in subdivi
16 U.S.C. § 831l.
Effective Dates. A
June 5, 1979.

9-632. Gover
Amount of incr
fiscal year 1980-
general assemb
apportionment
municipalities
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shall be availabl
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required to fund
discretion, that
expenditures a
provided, howe
fifty thousand
funds shall be
funding from
amounts shall
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Effective Date
June 5, 1979.

9-633. List
— Report of
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committees
adopted and
incorporated
within the
Constitution
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PLEASE NOTE: THE PRECEDING PAGES WERE TREATED AS A UNIT IN THE ORIGINAL DOCUMENT.

2 1-5 2.

FY 79 APPROPRIATIONS SUMMARY

	Passed by the Legislature			Signed by the Governor	
	General Fund	Total	Vetoes General Fund	General Fund	Total
General Appropriations Act					
Operating (1)	$877,629,600	$1,158,639,400	$17,315,200	$860,314,400	75% $1,141,255,500
New Legislation (2)	29,704,500	33,237,300	9,365,400	20,339,100	23,814,500
Capital	40,312,700	370,192,400	16,820,600	23,492,100	23% 353,014,400
TOTAL:	$947,646,800	$1,562,069,100	$43,501,200	$904,145,600	$1,518,084,000
Special Appropriation Acts (3)	188,475,849	218,405,549	20,961,436	167,514,413	197,444,133
GRAND TOTAL:	$1,136,122,649	$1,780,474,649	$64,462,636	$1,071,660,013	$1,715,528,513

(1) The operating figures in this summary differ from the figures as passed by the Legislature in that the summary figures reflect full year funding for the Department of Transportation instead of three-quarters of a year contained in the General Appropriations Act.

(2) The new legislation figures in this summary differ from the figures as passed by the Legislature in that the summary figures reflect reductions resulting from the failure of certain measures to pass or failure of their substance to be incorporated in some other measure.

(3) "Special Appropriations" are those appropriations not included in the general appropriations act which were passed as separate measures during the 1978 legislative session and enacted into law.

including bonds & new leg, capital could range from 23% to

BOND AUTHORIZATIONS

General Obligation Bonds	$1,241,000,000
Revenue Bonds	329,400,000
TOTAL:	$1,570,400,000

FY 80 APPROPRIATIONS SUMMARY

	Enacted into Law		Assumed Full Funding	
	General Fund	Total	General Fund	Total
General Appropriations Act				87%
Operating (1)(2)	$915,278,168	$1,258,000,559	$952,548,900	$1,300,637,600
New Legislation	3,081,800	3,425,700	3,081,800	3,425,700
Capital	86,802,200	192,113,100	86,802,200	13% 192,113,100
TOTAL	$1,005,162,168	$1,453,539,359	$1,042,432,900	$1,496,176,400
Special Appropriations Acts (3)	19,887,559	20,795,559	19,887,559	20,795,559
GRAND TOTAL	$1,025,049,727	$1,474,334,918	$1,062,320,459	$1,516,971,959

(1) The operating figures in "assumed full funding" differ from the figures as passed by the Legislature in that they reflect full year funding for the Natural Resources, Administration of Justice, Transportation and General Government categories instead of partial year funding as contained in the General Appropriations Act.

(2) The single numeric item veto from this year's legislation was the veto of the reduction of an amount in Section 15 of the General Appropriations Act (Chapter 80, SLA 1979). The net effect of this veto was to increase General Fund appropriations by $265,000, the amount originally reappropriated in subsection (b) of Section 15.

(3) "Special Appropriations" are those appropriations not included in the General Appropriations Act which were passed as separate measures during the 1979 legislative session and enacted into law.

Including bonds in new law, Capital - could range from 13% to 22%

REVENUE BOND AUTHORIZATIONS

Alaska Power Authority	$140,000,000
Fairbanks Int'l Airport	8,500,000
TOTAL	$148,500,000

TABLE I

FY 81 GENERAL FUND OPERATING & CAPITAL BUDGETS
($ MILLIONS)

Operating		$1,186.6
New Legislation	$ 306.6	
Less: Income Tax Refund	(90.2)	
Permanent Fund Dividends	(129.3)	
		87.1
Miscellaneous Front Sections Ch. 120		8.3
Total Operating		$1,282.0
Capital	367.4	
Less: Native Claims	(292.6)	
		72.1
Special appropriations	1,374.7	
Less: Permanent Fund	(900.0)	
Geneal Fund Reserve	(350.0)	
Fish Processing Loan Guarantee	(60.0)	
		64.7
Loan Funds	696.3	
Less: Illiquid Assets	(452.0)	
		244.3
HB 60		580.8
Total Capital		961.9
Total Operating & Capital		$2,243.9
Plus: Renewable Resources		125.0
Total Budget		$2,368.9
Less: HB 60		(580.8)
Total Budget excluding HB 60		$1,788.1

Source: "FY 81 Free Conference Committee Report - Summary of Appropriations"

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

COMPARISON OF
GENERAL APPROPRIATIONS ACT APPROPRIATIONS
GENERAL FUND

The following table shows the fiscal year-to-year dollar and percentage increase (decrease) in General Fund appropriations contained in the General Appropriations Acts.

GENERAL FUND APPROPRIATIONS

Fiscal Year	Operating	Capital	Total	Year-to-Year Increase/Decrease	
1960	$28,126,346	$ 3,137,988	$ 31,264,334		
				$ 14,521,984	46.4%
1961	37,795,908	7,990,410	45,786,318		
				7,150,107	15.6
1962	46,151,097	6,785,328	52,936,425		
				11,611,855	21.9
1963	57,713,070	6,835,210	64,548,280		
				14,548,450	22.5
1964	70,942,330	8,154,400	79,096,730		
				(3,750,355)	-4.7
1965	74,397,375	949,000	75,346,375		
				10,777,625	14.3
1966	84,120,600	2,003,400	86,124,000		
				7,678,250	8.9
1967	92,503,800	1,298,450	93,802,250		
				10,003,650	10.7
1968	101,997,200	1,808,700	103,805,900		
				20,299,300	19.6
1969	121,834,600	2,270,600	124,105,200		
				29,987,400	24.2
1970	152,076,000	2,016,600	154,092,600		
				160,027,900	103.9

COMPARISON OF GENERAL APPROPRIATIONS ACT APPROPRIATIONS -
GENERAL FUND

	GENERAL FUND APPROPRIATIONS			Year-to-Year	
Fiscal Year	Operating	Capital	Total	Increase/Decrease	
1971	$252,966,400	$61,154,100	$314,120,500		
				$(22,016,500)	-7.0
1972	283,683,000	8,421,000	292,104,000		
				38,302,000	13.1
1973	318,771,100	11,634,900	330,406,000		
				22,577,000	6.8
1974	345,462,400	7,520,600	352,983,000		
				104,001,200	29.5
1975	444,575,100	12,409,100	456,984,200		
				96,579,800	21.1
1976	537,346,300	16,217,700	553,564,000		
				125,625,300	22.7
1977	668,278,100	10,911,200	679,189,300		
				118,570,600	17.5
1978	768,009,800	29,750,100	797,759,900		
				106,385,700	13.3
1979	880,653,500	23,492,100	904,145,600		
				138,287,300	15.3
1980	955,630,700	86,802,200	1,042,432,900		
				818,209,300	78.5
1981	1,493,207,800	367,434,400	1,860,642,200		

FY 80 APPROPRIATIONS SUMMARY

	Enacted into Law		Assumed Full Funding	
	General Fund	Total	General Fund	Total
General Appropriations Act				
Operating (1) (2)	$915,278,168	$1,258,000,559	$952,548,900	$1,300,637,600
New Legislation	3,081,800	3,425,700	3,081,800	3,425,700
Capital	86,802,200	192,113,100	86,802,200	192,113,100
TOTAL	$1,005,162,168	$1,453,539,359	$1,042,432,900	$1,496,176,400
Special Appropriations Acts (3)	19,887,559	20,795,559	19,887,559	20,795,559
GRAND TOTAL	$1,025,049,727	$1,474,334,918	$1,062,320,459	$1,516,971,959

(1) The operating figures in "assumed full funding" differ from the figures as passed by the Legislature in that they reflect full year funding for the Natural Resources, Administration of Justice, Transportation and General Government categories instead of partial year funding as contained in the General Appropriations Act.

(2) The single numeric item veto from this year's legislation was the veto of the reduction of an amount in Section 15 of the General Appropriations Act (Chapter 80, SLA 1979). The net effect of this veto was to increase General Fund appropriations by $265,000, the amount originally reappropriated in subsection (b) of Section 15.

(3) "Special Appropriations" are those appropriations not included in the General Appropriations Act which were passed as separate measures during the 1979 legislative session and enacted into law.

REVENUE BOND AUTHORIZATIONS

Alaska Power Authority	$140,000,000
Fairbanks Int'l Airport	8,500,000
TOTAL	$148,500,000

FY 79 APPROPRIATIONS SUMMARY

	Passed by the Legislature			Signed by the Governor	
	General Fund	Total	Vetoes General Fund	General Fund	Total
General Appropriations Act					
Operating [1]	$877,629,600	$1,158,639,400	$17,315,200	$860,314,400	$1,141,255,500
New Legislation [2]	29,704,500	33,237,300	9,365,400	20,339,100	23,814,500
Capital	40,312,700	370,192,400	16,820,600	23,492,100	353,014,400
TOTAL:	$947,646,800	$1,562,069,100	$43,501,200	$904,145,600	$1,518,084,000
Special Appropriation Acts [3]	188,475,849	218,405,549	20,961,436	167,514,413	197,444,133
GRAND TOTAL:	$1,136,122,649	$1,780,474,649	$64,462,636	$1,071,660,013	$1,715,528,513

(1) The operating figures in this summary differ from the figures as passed by the Legislature in that the summary figures reflect full year funding for the Department of Transportation instead of three-quarters of a year contained in the General Appropriations Act.

(2) The new legislation figures in this summary differ from the figures as passed by the Legislature in that the summary figures reflect reductions resulting from the failure of certain measures to pass or failure of their substance to be incorporated in some other measure.

(3) "Special Appropriations" are those appropriations not included in the general appropriations act which were passed as separate measures during the 1978 legislative session and enacted into law.

BOND AUTHORIZATIONS

General Obligation Bonds	$1,241,000,000
Revenue Bonds	329,400,000
TOTAL:	$1,570,400,000

FY 81 APPROPRIATIONS SUMMARY

APPROPRIATION CATEGORY	APPROPRIATED BY THE LEGISLATURE GENERAL FUND	TOTAL	ENACTED (Less Governor's Vetoes) GENERAL FUND	TOTAL
General Appropriations Act				
Operating	$1,192,252,852	$1,575,260,652	$1,186,634,200	$1,569,398,800
New Legislation	314,704,600	317,208,500	306,573,600	308,900,000
Capital	374,849,300	832,210,300	367,434,400	779,655,100
	1,881,806,752	2,724,679,452	1,860,642,200	2,657,953,900
Loan Funds (Secs. 1-13)	699,335,000	699,335,000	696,335,000	696,335,000
Misc. Front Sections (14-49)	8,304,000	24,291,000	8,304,000	8,304,000
TOTAL	$2,589,445,752	$3,448,305,452	$2,565,281,200	$3,362,592,900
Special Appropriations (See (1) below)	$1,385,497,923	$1,447,028,923	$1,374,738,231	$1,428,084,231
GRAND TOTAL	$3,974,943,675	$4,895,334,375	$3,940,019,431	$4,790,677,131

(1) "Special Appropriations" are those appropriations not included in the General Appropriations Act which were passed as separate measures during the 1980 legislative session and enacted into law.

BOND MEASURES

General Obligation Bonds	$328,500,000
Alaska Power Authority Revenue Bonds	$358,890,000

FY 78 APPROPRIATIONS SUMMARY

	Passed by the Legislature			*Signed by the Governor*	
	General Fund	Total	Difference Gen. Fund	General Fund	Total
General Appropriations Act					
Operating	$761,631,100	$1,017,969,800	($ 5,714,400)	$755,916,700	$1,012,252,000
New Legislation (1)	14,687,900	17,090,700	(2,594,800)	12,093,100	14,042,900
Capital	47,492,100	75,276,800	(17,742,000)	29,750,100	57,516,800
TOTAL:	$823,811,100	$1,110,337,300	($26,051,200)	$797,759,900	$1,083,811,700
Special Appropriation Acts (2)	$ 27,255,500	$ 27,255,500	($ 5,908,400)	$ 21,347,100	$ 21,347,100
GRAND TOTAL:	$851,066,600	$1,137,592,800	($31,959,600)	$819,107,000	$1,105,158,800

(1) The final figures differ from the figures as passed by the Legislature in that they reflect reductions resulting from the failure of certain legislation to pass.

(2) "Special Appropriations" are those appropriations not included in the general appropriations act which were passed as separate measures during the 1977 legislative session and enacted into law.

The appropriations passed by the Legislature were based upon the following assumptions:

$652.7 million would be the general fund balance available for appropriation as of 7/1/77 (Executive Budget fiscal 1978, Budget & Management, page 6).

$854.0 million would be the anticipated general fund revenues available for appropriation during fiscal year 1978 (Revenue Sources FY 76 - 78, Department of Revenue, pages 18 & 19).

6/22 FCC SJR 4
T. Miller - missed 5 min.
Specificity of language

Freeman - warrant for single approp. per cap in base
p + i on COBs
T.M. Freeman amend better in that can pay cash instead of orig version of only COB
Gov 2/3 of ea & voter approval
vs. Oral's Gov + 2/3 of ea
Gov vs people
single project to avoid logrolling
Bliss - base: op., cap.
loans - market rate lang. ?
Pan Beler - " " for ea. loan
✓ prime (not necessarily)
set ~~TM or Oral's~~ $ base, capital w/cash & diff. mechanism. Treat loans - subsidy should be appropriated. Probs w/ "state of emergency" language as loophole pop + inflation - abuse of statutory lang.
O'C use FY 80 base
Gov + legisl 2/3 plus more to go to voters after 2/3 of ea H

(5) ~~Meagher~~: Orleans - per capita?
Freeman + O'C see cap v op in battle but prob where there is some subsidy which reduces pressure
TM either bar's or Orals ok
Oral - under normal circumstances, amount not that much power in Gov - but there diff.
Court Orders Freeman not just medina
Colletta - capital
$128 = debt service p+i
25% additional outside for gob or cap. imp no
Money in Trust - $ fr. others? or endowment?
doesn't mean own money in trust
TM but does mean fed $ + internat'l airport revenues
Freeman + others - are doing loans now
Williams - for loans of comparable term market rates similar term
investment for comparable risk
Rhode - nationally competitive rates for similar investments
or "market" as local market
"market" offers greatest latitude
below - for non-traditional might have to use gft or PF

'agree
1. perm. fund
2. debt service p + i
3. loans
4. cap < preference for mechanism - Gov
5 emerg/disaster

3) Doggan - loans at no other market & loans that are marketable + w/o interest acceptable to borrowers. for 1st "subsidy" not appropriate - but opportunity cost" is - peg it to gfs + then the impulse is to log roll to change that, AS.
Freeman - get competition under the limit, we get one ag. the other. Too many exceptions + not effective.
Emergency vs Disaster Freeman - emergency statute should be done quick. Natl disaster/catastrophe
Disaster = tighter legal language.

TM. To meet a state of disaster decl. by Gov
TM cum. infl + pop since a date & ok
new disaster lang.
comm. lang on cap.

Freeman - incl. cap. in base

$2.0 = base plus 13%

$1.8 op
debt serv.
cap

loans

~~HCR 29~~
~~Fiscal note~~
~~$600,000~~
~~change~~

4) Freeman $ plus =
$2.6 in '82
~~2.5~~

TM - # is close,
except for loan capitalz.

Doogan - $1.9 PF + debt serv.
minus

Rhode - pre pay or year by year subsidy = sub loophole. ~~Comm~~ TM - const. can bind the legisl. to come up w/ the subsidy fr. the limit.

Rm behr - approp. full amount up front
Rhode - subsidy would vary yr by yr -
behr - loan would be at fixed rate + ∴ opportunity cost identifiable.

PF DIV under cap

$ for loans should compete w/ cap + op - Freeman
under the lid. - Moriky.

TM on gfs lending - Comm can lend for various purposes + maximize return to st. ie lend, less than market fr. spendy limit. Williams - can't leverage them

behr - could appropriate fr. under the lid
Rhode - legisl allowed leverage of funds before
Doogan - gfs - old system. Last yr. legisl. AS → present case fr. "appropriate" + leverage of yield of loans
TM - need lang. to prevent the loophole
+ ∴ Gov's lang. closes the loophole

5). ✓ agreement
law shall cause any unapp. balance
Freeman: lang re investment of unapprop. (to be invested at)
$ at (maximally) competitive rates

(∴ subsidy must be appropriated)

TM: would absence of lang re subsidy prohibit legisl. action?

Doagon - loans are pt of cap or op budget.

O'C - if Freeman lang,

Williams PF - only use income stream
vs Freeman language where the capital would be available

TM re indent language ~~vs~~ on different points.

legal except to meet a state of disaster as decl by the gov

since July 1980

1) national inflation + st pop. change
apprap index of __ price
increase & st pop change

2) amt of prec yr

3/ market rate
funds which serve only to produce
income

call Tom
ROD
go to Berrier

/30

Ron Lehr

why this
why not Cal's

FCC notes 2/23

cap GOB but tight Voter approval

Gov's proposal - limit discretion of legisl

need change in balance

collusion of 2/3 of leg is unlikely. Meritorious projects only. Leg. appropriates - not voters - or Gov - not change const. app.

2 b - loans, cap etc competing

"single cap approp" = not multi item bill. Make it tougher. ex hydro package (not Swan)

single item of app. for a single purpose single type of project

disc.: go thru one project. Probs of logrolling. Voter approval as a ratification mechanism.

bldg bond type bill

Loans investing at competitive market rate language - means loans can be made + subsidy comes fr. ltd.

Subsidy - approp means
a limit on capitalization

"below market rate subsidy" -
language for maximum
of approp.

- if no market, use of
gfs as rate for calc of
opportunity cost

1. approp. subsidy diff.
2) gfs could be invested at comp
market rate, no care which -
but any subsidy fr. cap
Shall be invested so as
to yield to the treasury a
competitive market rate
ie subsidy approp fr. cap

Court orders - out

formula - not fed in Const - use in law
base - preceding year

fed = more conservative

many to pop & inflation
change

no endowments

single type of project - not 1 dam but not all capital improvements

transportation - no
only docks or ferries or roads

~~Ex~~ Comm Report - insert rds, but not ferries etc as diff types. Voter pamphlet

Investment of Excess -
invest lend at market
or approp subsidy so that gfs brought up to market rate

sub-market, subsidy approp.

state $ - fr. the treasury
discretionary funds - inc.
but not categorical fed funds approp fr. the treasury for cooperating w/ const.

Loans by PHFA return revenues w/authority vs. emergency home loan prog. return to gf. Existing loans funded by approp. - Not address except by AS re earnings of revolving loan funds

If treasury lends, $ returns to

Gf

Only independent authorities are a problem

6/23 FCC SJR 4

Ron: 1979
belez gap + uff. est.

$ 2.550 for 1982

1.750 operating
100 new legisl
high estimate 500 loans 200 ~~capital~~ loans
200 capital 500 capital

Aslin capital under cap; unlimited bonding w/ p+i outside cap, or Gov proposes additional bill for each type w/ extra majority
"Gov cause unappropriated" does this mean Gov sets up loan programs?
"No -" can suggest ~~appropriations~~ but not usurp ~~gov~~ legisl power
Some said "yes"
Pegues - legisl. can write law + if no law, Gov will do it
Fisher agreed.
Aslin Re Gov's power under capital exception clause. Is it acceptable to give that much power to the Gov?

2) Freeman - sort of like LB&A - .
Gov comes, legisl. goes up or down.
Any other way has evil & abuses
- w/o restraint on the legislature
Fischer

2) Freeman - probs of deciding FY -
put in $
total 1.679
− 100 debt serv.
ff 1.5 79 dollars

3.06 for '81

~~Freeman~~ Kelly - on formula
Freeman - on const. language
- conform to style
O'C - projection + cf
of formula -
if in place now?
O'C - pro Freeman "bylaw" on
formula
Kelly - pro Senate
Colletta - allow fed + local
st. conditions
call Berrier re the "formula"

Diff betw. bills

8:00 tonight —

6/22
FCC

Freeman -

Lehr - amend Sec 17
money approp 2/3 etc

add: who are provided by law
have been informed of the
operation + maintenance
costs

~~[illegible]~~ Montgomery — differences
re base

Arlen ap 1.825
newbg 100 m
loan 500
cap 275

floor = FY 83

Need to define base

Arlen: what is $ of H version?

Freeman - l. 16 1980 FY

3/ Kelly - use $ base

Arber - bond p&i outside

Freeman - exceptions
1. pf
2. p+i on gbo
addl 3. court orders

Colletta/O'C - put emergency to cover
Hootch type

Kelly - but put it in eventually

Moutg - single vs continuing
ok

Arber 4. capital?
Freeman - prob. area 'FY80 = gd situation
someway by restricted. vote + bev
approval meet contingency of needed
big project
op budget is big prob
cap = 1 shot
sep. op + cap
but people means delays
danger in public not supporting if too
far out

Colletta: 25% of approp. capital
levy re court order

A) pi, rel. charges smkey charges.
on qbo
ie St Chamber lang.
Freeman - danger of too tight
Dellums - loans

6/24 10:45 am

FCC SJR 4

Orliss: explain latest bill
1. figure instead of wd for billion
2. period 79. delete except that & capitalize I

3. Indent letter

Montgomery - rescind action moved. Caucus won't go for it due to trouble w/ the capital section
O'C - rescind rather than discharge committee
Kelly - not wide open
Calletta - ok to rescind for harmony. except SJR 4 as originally introduced.
Orliss - wants spending limit on operation & capital. Will accept motion but will not

accept something that is
not on op + capital.
To disband wouldn't
be productive
O'C - reason caucus want
accept is fear of uncontrolled
growth of op in opposition
to capital. Capital too constrained.
Freeman - yesterday's bill was
a good compromise. Looser
than caucus wanted.
To discharge is to have no spending
limit this year.
Montg - wants progress
Colletta - how is op allowed to expand
Allocation is legisl. perogative
T. Miller - reasonable accomodations
but real limit + this year
Colletta - 2 proposals?
Freeman - generous base, anything more
but a limit
Colletta

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED AS A UNIT IN THE ORIGINAL DOCUMENT

Alaska
STATE CHAMBER of COMMERCE
310 Second Street
Juneau, Alaska 99801
Phone 586-2323

January 5, 1981

1981 LEGISLATIVE GOALS OF THE ALASKA STATE CHAMBER OF COMMERCE

STATE SPENDING LIMIT, TAX RELIEF, BONDING

1. Limit state spending as proposed in the Alaska State Chamber of Commerce's current initiative by establishing Fiscal Year 1981 as the base year and tieing future expenditures to population and per capita income.

2. Exempt the first $250,000 in taxable corporate profits for all Alaskan corporations.

3. Eliminate future bonding and support capital improvements from the general fund as long as revenues are available. Require all projects over one million dollars to have voter approval so as to create public awareness.

4. Increase state revenue sharing to municipalities to cut or end property taxes.

5. Conduct comprehensive review of all oil and gas taxes, including a study of the windfall tax exemption for oil and gas companies.

ECONOMIC DEVELOPMENT GOALS

1. Establish a permanent power fund for statewide power projects.

2. Appropriate funds for electrical grid interties to stabalize power supplies statewide.

3. Support state encouragement for petrochemical industry development in Alaska.

4. Implement long term sales of state royalty oil and gas at prevailing rates to supply in-state refineries at maximum capacity.

5. Support full public use of the state highway from the Yukon River to Dietrich Pass (commonly called the "haul road") effective June 1, 1981. Support immediate action to provide adequate funding to bring this highway up to secondary road standards and properly maintained for the full length of the highway. Paving of this entire highway as soon as possible is in the best public interest.

(continued)

6. Recommends that integrated policy boards be established to administer the International Airport Revenue Fund composed of a majority of private business interests with the authority and responsibility to provide technical and policy direction in the development, planning, and operation of the airports to the Department of Transportation and Public Facilities. Further, that a comprehensive capital improvements program be established and funded through the general fund to support the facilities necessary for current demands as well as latent potential.

7. Endorse accelerated coal development in Alaska.

8. Propose the Department of Natural Resources rewrite state regulations to encourage timber, petroleum and mining development.

9. Request a rewrite of the U. S. Interior Department regulations to allow tourism, mineral, and oil exploration on national monuments.

10. Urge the state take a firm stand to encourage all possible domestic manufacture of forest products from public lands. Exceptions to primary manufacture should only be made when it can be clearly shown through the hearing process there are no possible domestic markets.

LABOR LEGISLATION

Encouraged by the preliminary work of the legislature's Workers' Compensation Study Commission, we support their efforts to improve the administration of the system and make the compensation program more competitive.

The Chamber further believes that their recommendations must also encourage realistic benefit revisions necessary to restore the incentive for injured workers to return to productive employment and to remove the excesses in employers workers' compensation costs.

GENERAL LEGISLATION

1. Institute a national campaign to improve Alaska's image and boost Alaska tourism.

2. Develop without delay a ten year capital improvement plan

3. Increase vocational training at the University of Alaska.

4. Abolish the Alaska Public Offices Commission.

5. Encourage state government to assist and support private enterprise in meeting the needs of the public. We further encourage state government to provide direct services only when it has been proven that private enterprise cannot fill the needs of the public.

6. Recommend the Alaska Renewable Resources Corporation be limited to equity or venture capital investment and grants, not loans in connection with equity capital investments. Allow not just renewable, but also non-renewable equity participation. The investment agreement should be more specific in the buy-out option (Example - Salamontof Seafood problem). ARRC should develop a banker-borrower relationship, not be both.

WHEREAS during the 1980's, Alaska faces the dual challenge of either the precipitous decline of revenue, or the possibility of new resource production and a continuing high volume of revenue; and . . .

WHEREAS either of the above cases requires the state to mobilize substantial restraint to control the rate of state spending and thus the burgeoning size of state bureaucracy and governmental influence; and . . .

WHEREAS governmental spending has grown to higher levels in Alaska than any other state in the nation using virtually any standard of comparison, including: per capita costs of the state legislature, per capita number of full-time state employees, rate of growth of government employment, rate of government salary increases, per capita costs of state government in general; and . . .

WHEREAS public support for statutory limits on state spending has been demonstrated by public opinion polls; and . . .

WHEREAS some legislative leaders and the state administration have shown support of a limit on state spending; and . . .

WHEREAS numerous public and civic organizations throughout Alaska have endorsed the need for controlling state spending; and . . .

WHEREAS the level of service established by state government in FY 1981 is considered adequate for our citizens' needs, and that year is appropriate to serve as the base year upon which to establish future budget limits;

NOW THEREFORE be it resolved that the Alaska State Chamber of Commerce endorses the concept of a limitation on government growth in statutory if not constitutional form; and . . .

BE IT FURTHER RESOLVED that the attached initiative is endorsed as an appropriate first step toward establishing a control on the growth of Alaska state government.

AN INITIATIVE

AN ACT ENTITLED: "An Act limiting state government spending."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

Section 1. AS 37.07 is amended by adding the following sections to read:

AS 37.07.102. State Spending Limit. In no year shall the total annual operating appropriations of the state government exceed the total annual operating appropriations for the prior year, adjusted for annual net percentage changes in Alaskan per capita personal income and population.

AS 37.07.105. Additional State Spending Limit Adjustments. The annual operating appropriations limit provided for in Section 102 of this chapter shall be further adjusted as follows:

(a) If the legislature or any state agency transfers the financial responsibility of providing services, in whole or in part, from the state government to any local government, or mandates a new program or higher level of service on any local government, the state shall provide subvention of funds to reimburse such local government for the costs of the program or increased level of service.

(b) If the financial responsibility of providing services is transferred, in whole or in part, from any entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from the proceeds of taxes or other revenues to appropriations which are not subject to limitation, then for the year of such transfer the appropriations limit shall be decreased accordingly.

(c) If a state of emergency is lawfully declared by the state government, the appropriations limit may be exceeded, provided that the appropriations limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

AS 37.07.107. Contingency Funding. Each entity of state government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar fund as it shall deem reasonable and proper. Excepting contributions to the

Permanent Fund and payment for bonded debt, contributions to any such fund shall, for purposes of Section 102 of this chapter, constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such funds nor expenditures of such withdrawals, nor transfers between or among such funds shall constitute appropriations subject to limitation.

<u>Section 2</u>. AS 37.07.120 is amended by adding the following subsections:

(7) "Total annual operating appropriations of the state government" shall be established by reference to the fiscal year 1981 "total annual operating appropriations of the state government", exclusive of budget surpluses.

(8) "Total annual operating appropriations of the state government" shall mean any authorization to expend during a fiscal year the proceeds of taxes, income, or other revenues collected by or for the state other than the following:

(a) refunds and/or reduction of taxes;

(b) benefit payments from unemployment, unemployment insurance, and disability funds;

(c) payments for bond debt;

(d) constitutional or legislative appropriations to the Permanent Fund as established by Article IX, Section 15, of the Alaska Constitution;

(e) appropriations required for the purpose of complying with mandates of any court of competent jurisdiction and any appeal therefrom, or of legally binding mandates of the federal government rendered after adoption of Sections 102-107 of this chapter, which, without discretion, require expenditure for additional services or which unavoidably make the provision of existing services more costly;

(f) appropriations to local governments which mandate and result in a reduction of real property taxes.

(9) "Subvention" shall mean any endowment, subsidy, or other financial assistance provided by one entity of government to another.

(10) "Alaska per capita personal income" shall mean the personal income of individuals residing within the state as determined and reported by the Alaska Department of Labor or successor agency of the State of Alaska.

(11) "Population" shall mean permanent resident individuals of the state and shall be determined by method prescribed by the legislature, provided that such determination shall be revised as necessary to reflect the periodic census conducted by the United States Department of Commerce or successor agency of the United States government.

Section 3. This Act does not repeal or affect any appropriation made or existing at the time it takes place.

Section 4. This Act does not and shall not be construed to impair the ability of the state to meet its obligations with respect to existing or future bonded indebtedness.

Section 5. This Act takes effect in accordance with AS 15.45.220.

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED AS A UNIT IN THE ORIGINAL DOCUMENT.

EXPENDITURE LIMITATION ISSUES

WHAT SHOULD BE USED AS THE BASE?

Should we pick a FY budget? What should be exempted from the budget? Should they be the same items exempted from the ceiling or others? If the base is too low, how will agencies handle budget cutbacks? If there are few ceiling exemptions, should the base contain room for innovative new programs (Energy Center, Delta Barley, Etc.)? How will the base account for assistance/revenue sharing for local governments? Should a number be used instead of a base year to allow for adjustments of, for example, income tax refunds, etc. If so, what should the number be?

WHAT FORMULA SHOULD BE USED TO CALCULATE INCREASES?

Should the formula for calculating the increase be a cumulative index applying to a single original base, or should the formula apply as an adjustment to the previous year's actual appropriation?

Should the formula be tied to population growth as well as inflation? Are there alternative indices?

Should the formula have a factor which will reduce the real per-capita spending limit overtime (such as only using .95 of the annual CPI increase)?

WHICH APPROPRIATIONS AND EXPENDITURES SHOULD BE COVERED BY THE LIMITATION?

Should the limit apply to both state and federal funds?

Should increases in user fees be covered? If exempted, what oversight should be available to keep increases reasonable?

Most likely revenue bonds should be excluded, but should General Obligation Bonds? Bond debt service?

Should capital projects be excluded and, if so, how can we manage the operating budget impacts of capital projects?

Should loan capitalization be excluded?

There is agreement that contributions to the Permanent Fund should be excluded, but should Permanent Fund dividends? Should arrangement be made for the possibility of the State losing the law suit, if so of what sort? Should a portion of permanent fund income (or real income) be exempted? Should the Permanent Fund be the only recipient of "surplus" funds, and if so, how can this be insured?

If the base is very inclusive, then the exemptions should be very limited. If the base is restricted, what level of exemptions are reasonable?

Should provision be made for exceeding the limit? If so, should it be by legislative vote--by what majority? Should a referendum be provided for? If provision is made for exceeding the limit, what should be voted on-single appropriations or multiple ones? If provision is made for exceeding the limit, should there be a special prohibition against voting to exceed the limit on items which had previously been appropriated within the limit?

SUMMARY OF RECOMMENDATIONS
AND ESTIMATED FUTURE APPROPRIATIONS
(Millions of Dollars)

	FY 81 Adj	FY 82 Rec	% Increase (Decrease)
Operating Budget			
Formula Programs, Total[1]	797.1	1,040.4	30.5
General Funds	728.7	973.4	33.6
Non-Formula Programs, Total[2]	1,040.9	1,139.1	9.4
General Funds	716.3	803.1	12.1
Total Appropriations (to date)	1,838.0	2,179.5	18.6
General Funds	1,445.0	1,776.5	22.9
Additional Appropriations[3]	109.5	53.5	(51.1)
General Funds	109.0	50.0	(54.1)
Total Operating	1,947.5	2,233.0	14.7
General Funds	1,554.0	1,826.5	17.5
Capital Budget			
Loans Appropriations[4]	709.3	400.4	(43.5)
General Funds	709.3	400.4	(43.5)
Other Capital Appropriations[5]	1,352.2	288.2	(78.7)
General Funds	974.4	227.4	(76.7)
Total Capital	2,061.5	688.6	(66.6)
General Funds	1,683.7	627.8	(62.7)
Subtotal Regular Budget			
Total Funds	4,009.0	2,921.6	(27.1)
General Funds	3,237.7	2,454.3	(24.2)
CIP Conversion			
Total Funds[6]	---	19.0	---
General Funds		19.0	
Total Regular Budget			
Total Funds	4,009.0	2,940.6	(26.7)
General Funds	3,237.7	2,473.3	(23.6)
Other Appropriations			
Permanent Fund Contribution	900.0	1,800.0	100.0
General Funds	900.0	1,800.0	100.0
"Rainy Day Fund"[7]	350.0	350.0	---
General Funds	350.0	350.0	
Escrow Account[8]	---	300.0	---
General Funds		300.0	
Other Appropriations/Available Revenue[9]	286.1	381.8	---
General Funds	284.8	381.8	
Revenues			
Total State Revenues[10]	3,631.0	4,955.1	36.5
Petroleum Revenues	3,223.9	4,557.7	41.4

Explanatory Notes on Page 5

Explanatory notes for Summary of Recommendations table.

1 A table of the state expenditures that are referred to as "formula programs" is provided in the Operating Budget section of this book (the following section), on page 19 . The Formula Program figures include the increase in general fund expenditures in the Medicaid program arising from the loss of Federal Revenue Sharing Funds. This amounts to approximately $7 million in FY 81, and $9.4 million in FY 82.

2 The Non-Formula programs figure for FY 81 general funds includes $5 million that was referred to as Renewable Resources Funds in FY 81. All appropriations from the Renewable Resources Fund are treated as general fund appropriations in FY 81 and FY 82.

3 The Additional Appropriations figure for FY 81 includes expected supplementals net of lapses, and for FY 82 includes expected budget amendments and new legislation. The bulk of the FY 81 figure is for the Governor's proposed Royalty Premium Distribution.

4 The Loans Appropriations figure includes appropriations for both capitalization and subsidies for loans from Alaska Industrial Development Authority, Alaska Housing Finance Corporation, State Business Loans, Department of Community and Regional Affairs Non-Conforming Loans, and the Agriculture Revolving Loan Fund. The loan portfolios that were appropriated in FY 81 ($452 million) are treated as general funds.

5 The Other Capital Appropriations figure for FY 81 general fund includes $104.1 million that was referred to as Renewable Resources Fund in FY 81. All appropriations from the Renewable Resources Fund are treated as general fund appropriations in FY 81 and FY 82.

6 The C.I.P. (Capital Improvements Program) conversion represents changing the funding source for certain positions in Department of Transportation and Public Facilities that are associated with that department's capital programs. This conversion changes the funding for these overhead positions from a percentage of specific projects to general funds.

7 The $350 million requested for FY 82 for the Rainy Day fund is intended to be funded from "carry forward" money estimated to be available in the general fund at the end of FY 81.

8 The Escrow Account represents an amount to be appropriated to a fund that could be used to help cover a share of the State's liability should such arise from the present litigation regarding the corporate petroleum income tax.

9 The Other Appropriations for FY 81 that are included in this lump sum figure do not easily fit into any of the above listed categories. The bulk of the FY 81 figure is accounted for by Chapter 3 of the 1980 Special Session ($185.5 million) and Chapter 33, SLA 80 ($87 million). The bulk of the FY 82 figure is intended to be requested for a program to help finance energy development projects.

10 Petroleum Revenues are defined as corporate petroleum income taxes, oil and gas severance taxes, oil and gas property taxes, and net royalties, leases, rents and bonus sales.

FORMULA PROGRAMS
(GF only, in thousands)

EDUCATION	FY81 Auth	FY82
TRS State Match	18240.5	22041.5
Debt Retirement Local	30250.0	33793.9
Supplemental Equalization	10237.2	27087.7
SOS ASHA Payments	286.0	286.0
Pupil Transportation/Public	17990.5	20195.3
Tuition Students	3700.0	3700.0
Student ADM Support	214524.0	255156.5
Special Education Adj	22032.1	27019.6
Vocational Education Adj	14529.4	20994.6
Community School Adj	2485.9	2641.9
Bilingual Adj	5808.2	8970.7
Board Home Grants	1000.0	1000.0
State Contract Program	6711.7	13396.9
Correspondence Study Local	3437.2	4214.8
Student Financial Aids	10701.9	16864.9
SUBTOTAL =	361934.6	457364.3

ADMINISTRATION OF JUSTICE		
Out of State Confinement	2519.5	4175.5
Local Facilities (Jails)	1127.0	1522.2
SUBTOTAL =	3646.5	5697.7

DEVELOPMENT		
Shared Taxes	5270.0	7115.0
Municipal Assist. Shared Taxes	11400.0	92000.0
Municipal Revenue Sharing	33500.0	40500.0
SUBTOTAL =	50170.0	139615.0

SOCIAL SERVICES	FY81 Auth	FY82
Longevity Bonus Grants	19947.3	21445.6
AFDC	16072.0	22135.2
Aid to Blind	140.9	161.3
Aid to Disabled	4691.7	5940.5
General Relief	800.0	900.0
Foster Care	3479.3	3545.7
Institution Care	10356.5	14416.2
Old Age Assistance	4479.5	5332.1
Senior Citizens Tax Relief	3294.6	3253.0
SUBTOTAL =	63261.8	77129.6

HEALTH		
Medicaid	16779.8	22448.1
General Relief Medical	12168.3	14133.5
SUBTOTAL =	28948.1	36581.6

OTHER		
Debt Service (all)	92239.5	128498.7
Permanent Fund Distribution	128500.0	128500.0
TOTAL =	728700.5	973386.9

BUDGET OVERVIEW

This section contains an overview of the Governor's FY 82 budget requests. The intent is to provide a summary of all expected requests, and to show the relationship of these requests to FY 81 appropriations and expected FY 82 revenues. The remainder of this book contains additional detail on the Governor's FY 82 operating budget request. A second book contains details of the Governor's FY 82 capital budget request, and six year capital program.

The two most apparent factors in the following table are the significant increase in the operating budget, and the large decrease in the capital budget. These combine to yield a total budget decrease of approximately 24% in general fund spending from FY 81. However, it must be emphasized that simple comparisons of this sort, without further explanation, can be misleading. For this reason, further discussion is given below.

Except for the drop in "Additional Appropriations", the general fund operating budget shows over a 20% increase. The operating budget figures have been further broken down to indicate the cause of this large increase -- the unusually large growth in "formula programs". Although the designation of "formula" may not be precise when applied to each of the programs included in this group, it was felt to be a generally descriptive title. Essentially, the formula programs are those over which the Governor and the Legislature have relatively little discretion with regard to funding level. That is, unless they choose to underfund the formula, or change the statuatory basis, the amount needed to fund these programs is determined more by the number of eligible "clients", than by the Governor or the Legislature. A table of these formula programs is given on page 19 of this book. Examples of programs included in this grouping are the Education Foundation formula, Longevity Bonus program, Medicaid, Municipal Assistance, and G.O. Bond Debt Service. These programs are predominately grants to individuals or local governments.

Contrasted to this significant growth rate, the growth of the non-formula programs is approximately equal to the combined growth of population and inflation. These non-formula programs represent, for the most part, ongoing direct State provision of public goods and services.

The decrease shown in the capital budget is due primarily to the fact that in FY 81 the Legislature passed a one-time capital budget bill of approximately $500 million (Ch. 50, SLA 80), and also because the FY 81 figures include an appropriation of $292 million to pay off the State's obligation under Native Land Claims Act. Further explanation of the Governor's FY 82 capital budget is presented in Book II of the Executive Budget Document.

The $19 million for conversion of position funding from capital funds to general funds is shown as a separate item since in actuality it does not represent an increase in State spending. These positions were previously funded with State capital project funds, so all that is occurring is a switch of State funding sources.

The Other Appropriations for FY 82 are listed separately since they will be introduced as separate bills. The contribution for the "Rainy Day" fund for FY 82 is intended to be funded out of carry-forward funds available at the end of FY 81. Since these carry-forward funds are required for cash flow purposes, appropriate uses of these funds are either to leave them in the general fund, or appropriate them to a cash reserve fund, such as the Rainy Day Fund. The Escrow Account is also a reserve account related to the present litigation over the corporate petroleum income tax.

The bulk of the unspecified Other Appropriations/Available Revenues for FY 82 is intended to fund a program that will assist in the financing of energy development projects - primarily hydroelectric projects. A specific legislative proposal was under development at the time this document went to print.

One final overall observation deals with the relationship of spending versus saving in the Governor's FY 82 budget. The Governor's FY 82 appropriation requests can be characterized as saving half and spending/investing the remaining half. Governor Hammond is presenting to the Legislature an integrated saving/investment/ spending plan, of which the FY 82 budget is but one part. Much of this plan is targeted at investing in Alaska's future, as well as attempting to meet current day needs through existing "people programs." Given the source of Alaska's revenue, (in FY 82, 92% of Alaska's total revenue is expected to be derived from petroleum) it seems clear that saving and/or investing a significant portion of current revenues is the only prudent course to follow.

SJR 3

SENATE JOINT RESOLUTION NO. 3 by Senator Colletta,

Proposing an amendment to the Constitution of the State of Alaska relating to limiting increases in expenditures and requiring payment by the state of mandated increased expenditures of a political subdivision of the state,

was read the first time and referred to the Community and Regional Affairs Committee and the Finance Committee.

SJR 4

SENATE JOINT RESOLUTION NO. 4 by the Rules Committee by request of the Governor,

Proposing an amendment to the Constitution of the State of Alaska relating to limitations on appropriations of state money,

was read the first time and referred to the Transportation Committee, the Judiciary Committee and the Finance Committee.

Governor's transmittal letter follows:

January 13, 1981

The Honorable Jalmar Kerttula
President of the Senate
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under art. III, sec. 18, of the Alaska Constitution, I am transmitting a proposed constitutional amendment on spending limitations for the consideration of the legislature.

My proposal would amend the constitution's finance article to add two sections, one setting forth spending limitations and the other prescribing ten specific exceptions. Each of the exceptions is reasonably necessary, and some of them are for appropriations of money to be invested rather than expended, and, to that extent, do not really involve actual expenditures.

SJR 4 cont'd

The proposed amendment limits annual increases in appropriations of state money -- but not of money from other, non-state sources such as federal money -- to the increase in the federal consumer price index for Alaska for the preceding year plus a percent equal to the state's average yearly growth in population.

At the present time, the only federal consumer price index for Alaska is that done for the Anchorage area. It appears that one will also be prepared for Fairbanks sometime soon. And indexes may also be prepared for other Alaskan cities in the future. The index for the state will consist of the weighted average of those indexes, that is, in proportion to each community's relative population.

The measure of the state's average yearly population growth is the federal decennial census and the interim renumeration to be taken at five year intervals. The latter, while called for by federal law, has yet to be funded. Nevertheless, even without a renumeration, the decennial census provides an accurate measure of the state's average yearly growth.

The use of data prepared exclusively by the United States is deliberate and essential. The pressure to shape cost and population data to justify increased expenditures would be enormous if those data were prepared by state or local agencies. Using data developed by an independent and separate government avoids that problem completely.

These two measures of growth, while not always coincident with all governmental needs, will allow the state to keep abreast of most needs and yet hold growth to reasonable and responsible limits. To the extent that the state still lags behind its sister states in some areas of governmental services and facilities, the exceptions prescribed by the second section will allow it to catch up, if that is what the electorate wants. Each of these exceptions will be discussed in turn, below.

The first exception is for appropriations of money to be deposited in the permanent fund, and the second is to pay permanent fund dividends to the people. It is self-evident that neither needs to be limited. The third exception is to capitalize loan funds, that is, appropriations of the money which will be loaned and repaid with interest under the state's loan programs. To the extent that low interest loans a. subsidized, the appropriations for that purpose must .e separate, and they are not within the terms of the exception. The fourth exception is for appropriations for capital improvements which have been approved by the voters. This includes those funded by appropriation from the general fund and those funded by bond proceeds. Voter approval is a must for the appropriations to be within the exception. But if the voters approve, there are no limits on appropriations for capital improvements.

SJR 4 cont'd

The term "capital improvements" is used in the amendment in the same sense as it is used in sections 8 and 9 of the finance article relating to state and local debt. It refers, generally speaking, to public works or facilities of a permanent character as described in the case of City of Juneau v. Hixson, 373 P.2d 743 (Alaska 1962).

The fifth exception is for appropriations made to escrow accounts or otherwise to repay general obligation bonds. As a practical matter, it may be to the state's great advantage at any time to make a large payment, either into escrow or directly, to repay outstanding general obligation bonds. That kind of a payment would not constitute a true increase in expenditures, and it is, therefore, made one of the exceptions.

The sixth exception is for money appropriated as a reserve account for disasters of natural or human origin.

The device has been called a rainy-day account, and it is simply a means of setting aside a financial cushion for the state during a fiscal year in case of exceptional need. At the present time the Reserve for Emergency Operating Expenses Account has been established under AS 37.05.159 to meet this need. It will be superseded by this amendment, and in order to spend money appropriated to the reserve account, the provisions of the tenth exception will have to be followed.

The seventh exception is for money appropriated to coincide with increases in user fees. The term "user fees" includes all kinds of taxes or charges which are levied upon those who use a government facility or service. They range from hunting and fishing licenses to boiler inspection fees. So long as users are paying the money, no purpose would be served by placing this category within the limitations on expenditures. No big increases are foreseen at this time, but should users wish to have them, there is no reason to place a constitutional bar in their way.

The eighth exception is for appropriations required by court orders or by a transfer of functions from the federal to the state government. Transfers from local to the state government are within the legislature's control, and therefore are subject to the limitation. Court orders -- and that would include judgments for damages or orders for future relief -- are not within the legislature's control and could cause significant, temporary increases from time to time. The same could happen if the federal government were, for instance, to shift all of the social services or education burden to states. While one hopes this exception will be little used, prudence dictates its existence.

The ninth exception is for appropriations of money derived from one-quarter of the income from extra appropriations made to the permanent fund. The purpose

SJR 4 cont'd

of this exception is to encourage those who would spend more money to save more money. The more money that is placed in the fund, the more money there will be available under this exception to spend.

The tenth and final exception is for natural disasters. As safeguards against spurious spending under this exception, the disaster must be declared by the governor in the first instance and the appropriation bill must be passed by a two-thirds majority of the membership of each house and approved by the governor. If the governor does not approve the appropriation or vetoes it to reduce or strike any item, his veto is final. The purpose of the absolute veto is to preclude any excess spending on non-emergency items in a bill appropriating money for disaster relief. Without an absolute veto, this exception would create an unacceptably large loophole.

The proposed amendment is conservative, responsible, and workable. It will not hobble the state or prevent the performance of any needed governmental function. It will set limits where they are needed, and it will not set limits where they are not needed. It will be good for both the private sector and the public sector, and I urge its favorable consideration.

Sincerely,

Jay S. Hammond
Governor

INTRODUCTION AND REFERENCE OF SENATE BILLS

SB 1

SENATE BILL NO. 1 by Senator Colletta, entitled:

"An Act amending provisions of law relating to the New Capital Site Planning Commission; and providing for an effective date."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

SB 2

SENATE BILL NO. 2 by Senator Colletta, entitled:

"An Act making a special appropriation to the New Capital Site Planning Commission for planning relocation of the state capital; and providing for an effective date."

was read the first time and referred to the Finance Committee.

EXPENDITURE LIMITATION CHECKLIST

BASE

A fiscal year

A number Which number?

Only state funds? Federal funds? All?

FORMULA

Private sector growth

CPI plus population

other

COVERAGE

Should coverage by of operating budget only?

Should there be exemptions? and if so, should they be open-ended or enumerated?

Sould general fund and federal funds be covered?

Should these be exemptions or override:

- Disasters - how to identify & who votes? (See Excess below)
- Disaster reserves
- Permanet Fund contributions
- Permanent Fund dividents
- Capital projects
- Loan capitalization - What to do about operational expenses and large maintenance costs?
- GBO repayment funds
- Increases in user fees
- Costs from court orders
- Costs from transfer of federal authority
- One-quarter of income from Permanent Fund
- Money in trust

OVERRIDE

By vote of Legislature 2/3 or 3/4?

By vote of people Should this by limited by type? New operating programs?

OTHER ISSUES

Local government

"Apple pie/pork" trade

Proportion of capital to operating

Unfunded obligations

EXCESS

Where can it go and how can it get there?

Permanent Fund only   Allow "earmarking"?

Trust accounts

By whose vote?

Invest at market rate

PLAN A

Lid	Except	Excess
general fund only	(simple majority) other people's money	automatically into PF at market rates

In Plan A, the tradeoff is tightest in favor of holding the line - e.g. expenditure vs. expansion of new services.

PLAN B

Lid	Except	Override	By Referendum
State general fund only op/cap/etc	(simple majority) GOB PF User Fees Fed/other	2/3 or 3/4 legislative vote specified types very limited	?

MALONE

Lid	Except	Override
General fund & federal dollars op/cap/everything	(simple majority) PF GOB debt service	2/3 legislative majority everything else

GOVERNOR

Lid	Except	Override	By Referendum
General Fund only op/cap/etc	(simple majority w/ veto possible) money in trust PF PF dividents Loan capitalization GOB service disaster fund user fees court ordered dollars fed-state authority transfer 1/4 PF income	2/3 legislative majority disaster dollars	Excess capital projects

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

*Section 1. Article IX of the Constitution of the State of Alaska is amended by adding new sections to read:

SECTION 16. APPROPRIATION LIMITATIONS. The amount of State money the governor may request or the legislature may appropriate during a fiscal year shall not exceed the amount of $2.7 billion for the base fiscal year of 1982 by more than the cumulative increase in the federal consumer price index for the State for the calendar years preceding the governor's submission of the budget under section 12 of this article plus or minus a percentage equal to the cumulative average yearly growth or loss in the State's population as shown by the last two federal censuses or renumerations. Money appropriated under any exception prescribed by section 17 of this article shall not be included in the base for determining the allowable increase from year to year.

SECTION 17. EXCEPTIONS FROM APPROPRIATION LIMITATIONS. The limitations on increases in appropriations do not apply to money received from another in trust for a specific purpose; to appropriations of money to be deposited in the permanent fund; money appropriated to capitalize loan funds, but only if the money to subsidize these loans at below market interest rates is appropriated separately under the limitations; money appropriated by two-thirds of each house to construct capital improvements, whether of bond proceeds or otherwise, where the appropriation for the capital improvements is approved by the voters; money appropriated to escrow accounts or otherwise to repay general obligation bonds; money appropriated to meet increases in costs to the State resulting from court orders; or money appropriated by a vote of two-thirds of the membership of each house and approved by the governor to meet disasters of natural or human origin which are declared by the governor.

*Sec. 2. The amendment proposed by this resolution shall be placed before the voter 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.

Malone

Letter of Commentary and Explanation of CS HJR 4 (Fin)

CS for HJR 4 (Fin) would establish a limitation on the expenditures of state government from the general fund of the state.

The proposed amendment would apply to appropriations, i.e., any act of the legislature that specifies or allocates an expenditure from the general fund for a fiscal year not withstanding the effective date of the act.

Except for separate funds required by federal law for participation in federal programs, the Alaska Permanent Fund, the Renewable Resource fund (the latter existed on the date of the ratification of revision of Art. IX, Sec. 7 of the state constitution), and dedicated funds existing on the date of ratification of the state constitution, the proceeds of any state tax or license are required to be deposited in the state general fund.

CS HJR 4 provides for a base at the level of general funds appropriated to meet the costs of state government during the fiscal year of 1980.

Appropriations made during that fiscal year for past or future fiscal years would not be included in that base.

The proposed amendment exempts from the base fiscal year and from the appropriation limit any money appropriated by the legislature to pay debt service of general obligation bonds of the state or local government, and any money appropriated by the legislature to the Alaska Permanent fund.

The amendment to the constitution would not limit the appropriation by the legislature of federal funds.

The proposed amendment would apply to emergencies declared by the Governor as provided by law. Emergencies would be of unusual and unforeseen occurances which require significant expenditure of a non-recurring nature.

COMMITTEE REPORT FCC SJR 4

Since the famous Prudhoe Bay lease sale of 1969, the budget of the State of Alaska has grown at the high compound rate of about 32 per cent. In recent years, according to data prepared by the Division of Legislative Finance, the rate of growth of the budget has increased. Regardless of whether or not a given kind of expenditure is repeated, it appears that total annual spending can easily equal total annual revenues within three fiscal years. At current growth rates, the operating budget alone could take all the State's income within five years.

The fundamental aim of this constitutional amendment is to bring State expenditures under effective but rational control: to encourage more deliberation about the merit and size of programs, to provide more time for programs to be carried out successfully, to force more efficiency in government. Our wealth, far greater and more sudden than anyone had predicted, must be used to bring lasting opportunities to Alaskans.

The Free Conference Committee on SJR 4 reports as follows on the proposed constitutional amendment to limit appropriations.

Regarding the base figure of $2 billion, the attached information indicates the budgetary items considered in the establishment of the base. It should be noted that the Committee approved the concept of a variety of governmental services and public needs competing under the spending limitation for funding. For this reason, the operating budget, capital items, loan subsidies, permanent fund dividends, and new legislation are all incorporated under the appropriation limitation.

By the phrase "appropriations from the treasury," the Committee means all those funds known as unrestricted "General Fund" revenues which derive from taxes and other charges and includes federal funds, such as block grants, only to the extent their use is unrestricted. It does not include federal categorical grant funds, which are funds received in trust and hence may be appropriated by the legislature outside the expenditure limitation.

The base is to be adjusted to reflect changes in Alaska's population and inflation since July 1, 1979. The Committee considered a greater degree of specificity in establishing the constitutional definition of the measures of population and inflation changes, but rejected this approach on the basis of consistency with existing constitutional language. However, it is the Committee's intention that the expression of this definition in statutory language reflect an established and widely accepted formulation that is not subject to political pressures to change either the formula or the agency conducting the survey, so as to preserve the integrity of the base figure and the intent to limit expenditures of State funds. The Committee further understands that in setting a "cumulative" figure, any one year's appropriation might be below the allowable appropriation without jeopardizing the ability of subsequent legislatures to appropriate at the maximum allowable by the formula.

Regarding the exceptions to the expenditure limitation, there was universal agreement that appropriations to the permanent fund should be exempted from the limitation. Similarly, the Committee agreed that payments for debt service on general obligation bonds of the State should also be exempted in order not to jeopardize the State's bonding capability. It is also understood that the appropriation limitation does not limit the existing ability of the legislature, governor, and people of the State to offer, approve and vote for or against bond propositions. Under the ruling in Thomas v Rosen, 569 P. 2d 793 (Alaska 1977), bond measures are not considered appropriations, and therefore are not covered by the limitation.

The exemption of "money received from a non-State source in trust for a specific purpose" covers money which is routinely received by every State from a variety of outside sources for specific purposes. These revenues could range from a donation to pay a boiler inspector's travel expenses to the endowment of a chair at the University of Alaska, and they include federal revenues for fish and game, health and social services, and other categorical grants; international airport revenues and revenues from other enterprise funds dedicated to the payment of revenue bonds; money paid into the workers' compensation and unemployment insurance funds; and money received by an agency to perform a service for the grantor on a matter which the legislature has authorized to handle the money. In each instance, the state receives money in a manner in which there is no discretion to be exercised in selecting the purpose for which it can be used. However, it is clearly the intention of the Committee to exclude the possibility of State funded endowments as an exemption from the limitation on appropriations.

The Committee spent a great deal of time considering the problem of capital improvements. Although appropriations for capital improvements are allowed under the appropriation limitation, the Committee did not want totally to restrict the ability of future legislatures to appropriate money for needed and meritorious capital improvements. However, the Committee believed that this need had to be balanced by the need to tighten expenditures. The solution approved by the Committee was to tighten procedural requirements, thereby making the capital appropriation more difficult but not unreasonably so. The procedure is for the governor to initiate separate bills, which would be similar to bond proposals for each type of capital improvement, for example, one bill for highways, another for airports, another for ferries, another for docks, another for schools, and so forth. The legislature may then approve them as proposed by an extraordinary majority. By requiring separate bills for each type of capital improvement, and prohibiting amendments to the bill, the governor and the Legislature are precluded from combining of several types of capital improvements in a single bill.

Aside from the exceptions specified in the amendment, the Committee intended that the only other cause for an appropriation outside the appropriation limitation would be "disasters." The committee considered using the broader word "emergencies," but it rejected this notion. "Disasters" includes occurrences of natural or human origin that require extraordinary efforts to counter or ameliorate. Examples offered by committee members included the 1964 earthquake and the Fairbanks flood, but specificially did not include economic or fiscal crises.

The last sentence of the amendment directs that excess revenues be invested at competitive market rates, as does the current law that governs the investment of the surplus, but permits lending at less than market rates. First, borrowers can be offered lower interest charges if the difference or subsidy is appropriated within the spending limit. In addition, the Legislature continues to be free to capitalize revolving loan funds, by appropriation, and to set any interest rate it chooses. A variety of phrases were considered in place of "...competitive market rates...". In settling on this language, the Committee intended that interest charges should be the same as those charged by commercial or other lenders for comparable type, term, and risk. The comparable markets might be national, regional, or Alaskan, depending on the loan in question. Any difference between the market rate and the "incentive" rate which might be specified by statute would have to be appropriated under the expenditure limit where it would compete with other services, interests, and concerns. The wording "the governor shall cause" is not meant to limit the ability of the Legislature to specify particular types of investments. However, in the absence of particular action by the Legislature, the governor is required to invest surplus revenues at market rates. Finally, it must be noted that the Committee considered appropriating the surplus into the Alaska Permanent Fund, but did not do so. However, future legislatures may place a part or all of these excess funds into the Permanent Fund if they so desire.