

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

2003 HSA CONFIRMATIONS - TAX PROPOSITION 2003

1976 - 1978

Investigator
Alaska State Commission for Human Rights
675 7th Avenue, Station H
Fairbanks, Alaska 99701
Phone: (907) 452-1584

Duties: Perform wide varieties of assignments: Investigative and conciliation services when assigned, assist the executive director to duty problems relating to the employment discrimination in all or specific fields of human relationships, and foster through community efforts. Also worked to translate Human Rights Laws to Inupiat.

1970 - 1975

Crude Oil Topping Plant Operator
Atlantic Richfield Co.
Box 360 711 West 8th Ave.
Anchorage, Alaska 99501
Phone: (907) 265-6334

Duties: Maintenance and operations of the topping and gas plant, perform various other duties in water plant, sewage plant, and generator plant. Kept daily logs of oilfield activities.

1967 - 1970

Expeditor, Water Plant Operator
Barrow Utilities Inc.
P.O. Box 449
Barrow, Alaska 99723
Phone (907) 852-6166

Duties: Perform various duties in maintenance, repair, and operation of water processing plant. Inventory, reports, delivery of supplies and equipment for BIA School of North Slope.

1960 - 1967

Senior Supply Technician
U.S. Property and Fiscal Offices
Camp Denali Touch B
Fort Richardson, Alaska 99505
Phone: (907) 428-1601

Duties: Disposition of supplies and materials to various units through the State of Alaska. Maintenance of records and points of major supplies. Inventory and logs of all supplies pertaining to Army National Guard.

1956 - 1978

Practical Nurse
U.S. PHS Hospital
P.O. Box 4577
Mt. Edgecumbe, Alaska 99835
Phone: (907) 966-2411

Duties: General duties in medical field assisting daily nursing services and also worked in operating room as scrub nurse.

Education

1950 - 1953 Attended Mt. Edgecumbe High School
1955 - 1956 Attended Mt. Edgecumbe School of Nursing
1965 Attended Non-commission Officers School, Fort Wainwright, Alaska, U.S. Army.

Military

1957 - 1967

Army National Guard, Anchorage, Alaska. MOS: Battalion MEDIC, Rank Sargeant. Honorable Discharge, 1967

1958 - 1960

U.S. Army Fort Ord, California, South Korea, Fort Campbell Ky: MOS Light Vehicle Driver; Rank PFC

Community Services

1968 - 1972 Chairman: PHS Hospital Health Ward, Barrow, Alaska
1969 - 1972 Vice Chairman: Alaska Area Wide PHS Health Board
1977 - 1979 City of Barrow, Council Member
1979 - Present Vice Chairman, Shontz Inc., Barrow, Alaska
1981 - Present Vice Chairman Inupiat Driller, ASRC, Barrow, Alaska
1980 - Present Director (At Large), Arctic Slope Regional Corp., Barrow, Alaska

I am presently married to Julia Solomon and we have four children.

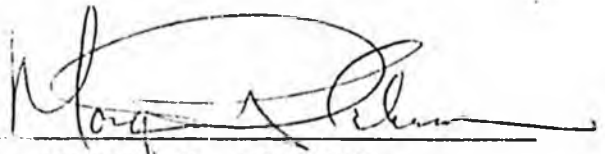
My resume is furnished upon request of Senator Frank Ferguson, Pouch V, Juneau, Alaska 99811.

STATE OF ALASKA


OATH OF OFFICE

Office or Department Office of the Governor

I, MORGAN P. SOLOMON, do solemnly swear
(or affirm) that I will support and defend the Constitution of
the United States, and the Constitution of the State of Alaska,
and that I will faithfully discharge my duties as a Commissioner
of (board or commission) State Commission for Human Rights
to the best of my ability.


MORGAN P. SOLOMON

Subscribed and Sworn to before me this 4 day of January
19 82.


Notary Public, State of Alaska
My Commission expires: 3/24/85

(Seal)

A F F I D A V I T
QUALIFICATIONS FOR APPOINTMENT
TO AN ALASKA BOARD OR COMMISSION

FULL NAME MORGAN P. SOLOMON

PLACE OF RESIDENCE P.O. BOX 589 BARROW ALASKA 99723

BIRTHPLACE WAINWIGHT, ALASKA 99782

MAILING ADDRESS P.O. BOX 589 Barrow Alaska 99723

I HAVE LIVED IN ALASKA FOR Approx 44 yrs 2 yrs US.ARMY YEARS.

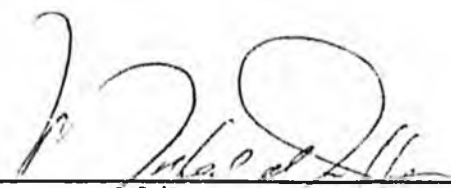
DATE/PLACE OF NATURALIZATION, IF A NATURALIZED CITIZEN

PLEASE GIVE EXACT NAME OR NUMBER OF THE ALASKA PRECINCT IN
WHICH YOU LAST VOTED DISTRICT 21

I, MORGAN P. SOLOMON, DO
SOLEMNLY SWEAR (OR AFFIRM) THAT THE ABOVE STATEMENTS ARE
TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.


MORGAN P. SOLOMON

Subscribed and Sworn to before me this 4 day of
January, 19 82.


Notary Public, State of Alaska
My Commission expires: 3/24/85

CONFLICT
OF
INTEREST

MEMORANDUM

State of Alaska

ALASKA PUBLIC OFFICES COMMISSION

TO:

All APOC Members

DATE: January 25, 1981

FILE NO:

[4]

TELEPHONE NO:

FROM:

Vicki L. Rippie
Assistant Director
Alaska Public Offices Commission

SUBJECT: Proposed Amendments to
AS 39.50

The attached bill draft incorporates the major concerns you've expressed over the past several months regarding the Conflict of Interest Law.

A brief sectional analysis follows:

Section 1: The proposed language would raise, from \$500 to \$1,000, the threshold on reporting assets (i.e., business ownerships, trusts or other fiduciary relations, State contracts, and mineral leases) and liabilities (loans and other indebtedness, excluding charge accounts).

Section 2: The proposed language of this section would: 1) raise the reportable source of income threshold from \$100 to \$1,000; 2) require disclosure of information only for the official, his or her spouse, and dependent children (i.e., eliminates all reference to "nondependent child" of his who is living with him); 3) restates that the liability threshold is increased from \$500 to \$1,000; and 4) clarifies that any natural resource lease held by the official's spouse must be reported. (This latter is housekeeping, but since the paragraph was being amended regarding "nondependent children," I thought I'd include this apparent oversight.)

Section 3: By including this definition of elective municipal office -- which parallels the language of municipal officer -- only those candidates who would be required to file an annual Statement if elected, would need to file by virtue of their candidacy. Thus, candidates for service area boards, charter commissions or other municipal offices would be exempt.

Section 4: Provides that the threshold and "nondependent child" changes would be effective on January 1, 1983.

Section 5: The exemption language for service area board candidates, etc., would be effective July 1, 1982; i.e., in time for the 1982 elections.

VLR/mab

attachment

BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION
A BILL

For an Act entitled: "An Act relating to the filing of conflict of interest statements by public officials and candidates."

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

*Section 1. AS 39.50.030(a) is amended to read:

Sec. 39.50.030. CONTENTS OF STATEMENTS. (A) Each statement shall be an accurate representation of the financial affairs of the public official or candidate and shall contain the same information for each member of his family, as specified in (b) of this section, to the extent that it is ascertainable by the public official or candidate. An asset or liability under \$1,000 [\$500], household goods, and personal effects need not be identified.

*Section 2. AS 39.50.030(b) is amended to read:

(b) Each statement filed by a public official or candidate under this chapter shall include:

(1) the source of all income over \$1,000 [\$100], including capital gains, whether or not taxable, received by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] during the preceding calendar year;

(2) the identity, by name and address, of each business in which he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM] was a stockholder, owner, officer, director, partner, proprietor, or employee during the preceding calendar year;

(3) the identity and nature of each interest owned by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] in any business during the preceding calendar year;

(4) the identity and nature of each interest in real property, including an option to buy, owned by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] at any time during the preceding calendar year;

(5) the identity of each trust or other fiduciary relation in which he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] held a beneficial interest during the preceding calendar year, a description and identification of the property contained in each trust or relation, and the nature and extent of the beneficial interest in it;

(6) any loan or loan guarantee made to him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] and the identity of the maker of the loan or loan guarantor and the identity of each creditor to whom he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM] owed \$1,000 [\$500] or more;

[7] a list of all contracts and offers to contract with the state, or an instrumentality of the state, during the preceding calendar year, held, bid or offered by him, his spouse, dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM], his mother or father or

or a partnership or professional corporation of which he is a member, or a corporation in which he or his spouse or his children, or a combination of them, hold a controlling interest; and

(8) a list of all mineral, timber, oil, or any other natural resource lease held, or lease offer made, during the preceding calendar by him, his spouse, a dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM], his mother or father or a partnership or professional corporation of which he is a member, or a corporation in which he or his spouse or his children, or a combination of them, hold a controlling interest.

*Section 3. AS 39.50.200 is amended by adding a new paragraph to read:

(11) "elective municipal office" means the office of borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, city or borough planning or zoning commission member within a home rule or general law city or borough, including but not limited to a unified municipality under AS 29.68.

*Section 4. Sections 1 and 2 of this Act take effect on January 1, 1983.

*Section 5. Section 3 of this Act takes effect on July 1, 1982.

ALASKA PUBLIC OFFICES COMMISSION
SUMMARY OF PROPOSED CHANGES IN AS 15.13, CAMPAIGN DISCLOSURE
January 28, 1982

[Changes to be accomplished through CSSB 167 (Jud)]

- A.P.O.C.
- Increasing the maximum contribution limitation from \$1,000 to \$2,000;
 - raising the threshold at which a contributor's name must be reported to over \$250;
 - allowing expenditures of \$250 or less to be reported as a lump sum amount on each report;
 - exempting candidates for service area boards from campaign disclosure requirements;
 - allowing reports to be certified by deputy treasurers in order that they may be timely filed if the candidate or treasurer is unavailable on filing day;
 - allowing those who plan to accept no more than \$250 and to spend no more than \$250 to exempt themselves from any further reports by completing one certified statement of their intent to run a "zero" or limited campaign;
 - allowing contributions which exceed \$100 in cash to be accepted if receipted;
 - allowing candidates a "short form" of identification on political communications which reads "paid for by Joe Candidate;"
 - reversing the present prohibition on expenditures before filing;
 - deleting the requirement to report expenditures on 24 Hour Reports as well as changing them to "48 hour" reports;
 - delineating the specific violations of AS 15.13 which are subject to criminal penalties;
 - allowing a contribution to be returned within 72 hours;
 - deleting the requirement that suppliers of services file reports;
 - restoring the four year statute of limitations for AS 15.13.

#

2/8/82 Draft

BILL NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION
A BILL

For an Act entitled: "An Act relating to the filing of conflict of interest statements by public officials and candidates."

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

*Section 1. AS 39.50.020(a) is amended to read:

(a) A judicial officer, commissioner, chairman or member of a state commission or board specified in AS 39.50.200(9), person hired or appointed as head or deputy head of, or director of a division within, a department in the executive branch, person appointed as assistant to the governor, and a municipal officer, shall file a statement giving his income sources and business interests, under oath and on penalty of perjury, within 30 days after he takes office as a public official. An individual who files a declaration of candidacy or a nominating petition or who becomes a candidate by any other means for state elective office between January 1 and April 15 shall file the statement no later than April 15. A candidate [CANDIDATES] for state elective office who files after April 15 shall file the [SUCH A] statement at the time of filing a declaration of candidacy or within 30 days of the filing of a [ANY] nominating petition, or within 30 days of becoming a candidate by any other means. If an individual files or becomes a candidate for state elective office during a calendar year other than the year in which he seeks nomination or election, he shall file an updated statement on or before April 15 of each succeeding year he remains a candidate. Candidates for elective municipal office shall file the [SUCH A] statement at the time of filing a nominating petition, declaration of candidacy, or other required filing for the elective municipal office. A public official

who has a current statement on file with the commission who files for state elective office is not required to file a statement at the time he becomes a candidate, but a municipal officer who files for state elective office shall file a copy of the statement which he has filed for municipal office with the commission. Refusal or failure to file within the time prescribed shall require that the candidate's filing fees, if any, and filing for office be refused or that his previously accepted filing fee be returned and his name removed from the filing records. A statement shall also be filed by public officials no later than April 15 [OR 15 DAYS AFTER THE PERSON FILES HIS FEDERAL INCOME TAX RETURN] in each following year [WHICHEVER SHALL COME FIRST. PERSONS WHO, ON OR AFTER DECEMBER 11, 1974, WERE MEMBERS OF BOARDS OR COMMISSIONS NOT NAMED IN AS 39.50.200(9) ARE NOT REQUIRED TO FILE FINANCIAL STATEMENTS].

*Section 2. AS 39.50.030 (a) is amended to read:

Sec. 39.50.030. CONTENTS OF STATEMENTS. (A) Each statement shall be an accurate representation of the financial affairs of the public official or candidate and shall contain the same information for each member of his family, as specified in (b) of this section, to the extent that it is ascertainable by the public official or candidate. An asset or liability of \$5,000 or less

copy [under \$500], household goods, and personal effects need not be identified. Assets and liabilities over \$5,000 shall be reported in categories as follows:

\$5,001 - \$10,000; \$10,001 - \$25,000; \$25,001 - \$50,000; or more than \$50,000.

*Section 3. AS 39.50.030(b) is amended to read:

(b) Each statement filed by a public official or candidate under this chapter shall include:

(1) the source of all income over \$5,000 [\$100], including capital gains, whether or not taxable, received by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] during the preceding calendar year;

(2) the identity, by name and address, of each business in which he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM] was a stockholder, owner, officer, director, partner, proprietor, or employee during the preceding calendar year;

(3) the identity and nature of each interest owned by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] in any business during the preceding calendar year;

(4) the identity and nature of each interest in real property, including an option to buy, owned by him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] at any time during the preceding calendar year;

(5) the identity of each trust or other fiduciary relation in which he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] held a beneficial interest during the preceding calendar year, a description and identification of the property contained in each trust or relation and the nature and extent of the beneficial interest in it;

(6) any loan or loan guarantee made to him or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM,] and the identity of the maker of the loan or loan guarantor and the identity of each creditor to whom he or his spouse or dependent child of his [OR NONDEPENDENT CHILD OF HIS WHO IS LIVING WITH HIM] owed over \$5,000 [\$500] or more;

(7) a list of all contracts and offers to contract with the state, or an instrumentality of the state, during the preceding calendar year, held, bid or offered by him, his spouse, dependent child of his or nondependent child of his who is living with him, his mother or father or or a partnership or professional corporation of which he is a member, or a

corporation in which he or his spouse or his children, or a combination of them, hold a controlling interest; and

(8) a list of all mineral, timber, oil, or any other natural resource lease held, or lease offer made, during the preceding calendar by him, his spouse, a dependent child of his or nondependent child of his who is living with him, his mother or father or a partnership or professional corporation of which he is a member, or a corporation in which he or his spouse or his children, or a combination of them, hold a controlling interest.

*Section 4. AS 39.50.200(6) is amended to read:

(6) "municipal officer" includes a borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, charter commission member, members of a city or borough planning or zoning commission within a home rule or general law city or borough, including but not limited to a unified municipality under AS 29.68;

*Section 5. AS 39.50.200 is amended by adding a new paragraph to read:

(11) "elective municipal office" means the office of borough or city mayor, borough assemblyman, city councilman, school board member, elected utility board member, city or borough manager, charter commission member, city or borough planning or zoning commission member within a home rule or general law city or borough, including but not limited to a unified municipality under AS 29.68.

*Section 6. Sections 1, ^{and} 2 of this Act take effect on January 1, 1983.

*Section 7. Sections ^{4 and 5} of this Act takes effect on July 1, 1982.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 16, 1982

SUBJECT: Amendments to AS 39.50
(Work Order No. 12-2516)

TO: Representative Ray H. Metcalfe
Chairman, House State Affairs Committee

FROM: Richard A. Bradley
Legislative Counsel 

The bill enclosed is responsive to your request.

The bill has essentially few departures from the draft provided to us by the Public Offices Commission except as to AS 39.50.030.

The commission recommended the reporting by "categories". The draft seemed inadequate to flesh out the details as to just what that meant. After discussion with the executive director, Theda Pittman, I prepared the enclosed repeal and reenactment of sec. 30.

The section has always been awkward. I hope that some of those awkward aspects have been eliminated; in any case the commission considered its draft a "preliminary concept" and my redraft is equally a preliminary concept.

Sec. 30(a) restates the request of the commission and is essentially the same as existing sec. 30(a).

Sec. 30(b) represents a restatement of the requirements formerly contained in AS 39.50.030(b)(1). Similarly, sec. 30(c) represents a restatement of the requirements formerly contained within AS 39.50.030(b)(3) - (8).

The repetitive language that was distributed from (b)(3) - (8) is contained in (d); subsec. (e) contained the list of the assets and liabilities on which reports are

Representative Ray H. Metcalfe
Page 2
February 16, 1982

required under the chapter. I made no effort to prepare an "ideal" listing since I was merely cleaning up sec. 30(b) but I believe that all the reports required before are required here.

I made some changes that may be characterized as substantive. The commission asked that the references to the "nondependent child of his living with him" be deleted except as to paragraphs (b)(7) and (8). Since I saw no apparent policy reason for leaving the phrase in in those two places, I eliminated it uniformly. I also deleted the references in (b)(7) - (8) to the "mother and father".

If I may assist further, please advise.

RAB:ljb

Enclosure

MONTHLY REPORTS

Call APOC in Anchorage

re: legislation

introduce in present form
and ask for update

send

APOC Theda Pittman ^{copy}

610 "C" Street Suite 211

Anch 99501

2-11-82 talked to Theda +
will send her a copy + await
comments



Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

TO: Rep. Randy Phillips, Coalition Liason to
Legislative Council

FROM: Rep. Ray Metcalfe *RM* Chair
House State Affairs Committee

SUBJ: Committee report

DATE: November 16, 1981

The period between the last report and now has been spent preparing for hearings to be held in Anchorage November 23rd on Uniform Rules (HCR 17 & 18 & HCR 46) and Judicial Review of Administrative Regulations (HB 339 & 340 & HJR 28).

Much time has been spent receiving and reviewing input in regard to HB 618 which will be scheduled for public hearings in January. Many municipal leaders have contacted us in regard to this piece of legislation and while all have been supportive, there do seem to be problems in regard to this piece of legislation. Of these problems is the total inaccuracy of the last census, which, is a portion of the formula used in this bill to dedicate revenue to municipalities. Another problem from the municipal point of view is that smaller communities will not get sufficient revenue, with the population as a base factor, to accomplish anything of significance. Also, Anchorage, Juneau and Fairbanks are staging areas for the outlying communities and much of what the smaller communities receive in revenue will flow back to the larger communities because of the unique geographic situation which exists in our State. It appears, at this point, that the addition of a "weighting factor" to the formula might be a solution. We are hopeful that other solutions may present themselves at the public hearings in January. It is a unique problem and will require some in-depth research and a creative solution.

We are presently laying the groundwork for a tourism symposium to be held in January. This will be directly related to the tourism bill which is now in this committee, HB 582. This will serve as a framework for analysis of where the State's tourism budget dollars are going and what can be done by the State to enhance the tourist industry, which either directly or indirectly benefits all citizens. We plan to coordinate this effort with the Division of Tourism and have spoken with Don Dickey in this regard. After receiving comments from people in the industry attending the symposium the committee will make specific recommendations.

Staff has compiled a newsletter mail-out of approximately 10,000 letters. This was done in conjunction with Rep. Bylsma's staff and while it contained information pertinent to the district, it also gave an overview of the committee activities and bills in committee and invited participation from the recipients.

Additionally, staff has prepared a very comprehensive and timely report on every capital improvement project in the district. This was compiled from the Municipality of Anchorage, the Department of Transportation and the Division of Parks. We get many constituent inquiries in regard to the status of projects.

Other activities include answering constituent mail, helping constituents with district problems, providing information on statewide issues and explaining the mechanics of legislation in committee.

056-HOUSE STATE AFFAIRS-METCALFE

AMOUNT/
% LEFT

	0%	25	50	75	100%		
100						38,121	12,812
PERSONAL SRVC						25,309	033%
200						15,134	14,848
TRAVEL						286	098%
300						6,175	1,695
CONTRACTUAL						4,480	027%
400						3,700	1,052
COM 500 EQUIP						2,648	028%
000						10,870	10,870
UNALLOCATED						0	100%
999						74,000	41,277
TOTALS						32,723	055%

(BLUE=EXPENDITURES AND ENCUMBRANCES) (RED=AUTHORIZED BUDGET) THROUGH 1081

PR102481		360	31921056	111		26		5,395.00
PR102481		360	31921056	181		26		330.72
PR102481		360	31921056	182		26		684.62
PR102481		360	31921056	184		26		59.35
PR102481		360	31921056	185		26		305.98
PR102481		360	31921056	186		26		30.22
PR102481		362	31921056	189		30		43.16
PR103181		362	31921056	311		06		104.67
FW248849	092281	MUNICIPALITY OF AN				15		199.04
V3102700	100181	JUNEAU & DOUGLAS			823070	15		241.37
FW248849	092281	MUNICIPALITY OF AN				06		622.00
V3102741	102381	ARCTIC BUSINESS PA			828309	26		
D0733631		SAVIN CORP				23	557.60	
FW248762	091181	RAY E METCALFE				05		101.00
V3102675	092981	ARCTIC OFFICE MACH			817468	06		170.00

Account: House State Affairs (056)
Account Chair: Metcalfe
Account Authorization: Hayes

Funding Source/Amount: Ch 82, SLA 1981 \$ 74,000

Lapsing date: 06/30/82

Items	Budget	Expenditures	Encumbrances & Adjustments	Balance Available	%
PERSONAL SERVICES	38,121	21,884	3,425	12,812	
TRAVEL & PER DIEM	15,134	286		14,848	
CONTRACTUAL	6,175	3,922	558	1,695	
COMMODITIES/EQUIPMENT	3,700	2,648		1,052	
UNALLOCATED	10,870			10,870	
TOTAL	74,000	28,740	3,983	41,277	56

1981

	0%	25	50	75	100%	AMOUNT	% LEFT
100 PERSONAL SRVC						38,121	12,812
200 TRAVEL						25,309	033%
300 CONTRACTUAL						15,134	14,848
400 COM 500 EQUIP						286	098%
000 UNALLOCATED						6,175	1,695
999 TOTALS						4,480	027%
(BLUE=EXPENDITURES AND ENCUMBRANCES)						3,700	1,052
(RED=AUTHORIZED BUDGET)						2,648	028%
THROUGH 1081						10,870	10,870
						0	100%
						74,000	41,277
						32,723	055%

PR102481	360	31921056	111		26		5,395.00
PR102481	360	31921056	181		26		330.72
PR102481	360	31921056	182		26		684.62
PR102481	360	31921056	184		26		59.35
PR102481	360	31921056	185		26		305.98
PR102481	360	31921056	186		26		30.22
PR103181	362	31921056	189		30		43.16
FW248349 092281MUNICIPALITY OF AN	362	31921056	311		06		104.67
V3102700 100181JUNEAU & DOUGLAS	361	31921056	311	823070	15		199.04
FW248849 092281MUNICIPALITY OF AN	362	31921056	312		06		241.37
V3102741 102381ARCTIC BUSINESS PA	361	31921056	331	828309	26		625.00
D0733631 SAVIN CORP	250	31921056	367		23	557.60	
FW248762 091181RAY E METCALFE	362	31921056	489		05		100.00
V3102675 092981ARCTIC OFFICE MACH	361	31921056	552	817468	06		170.00

Account: House State Affairs (056)
 Account Chair: Metcalfe
 Account Authorization: Hayes

Funding Source/Amount: Ch 82, SLA 1981 \$ 74,000

Lapsing date: 06/30/82

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TOTAL	74,000	28,740	3,983	41,277	56

SEP 31 1982



Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

TO: Rep. Randy Phillips, Coalition Liason to
Legislative Council

FROM: Rep. Fay Metcalfe *Fay* Chair
House State Affairs Committee

SUBJ: Committee report

DATE: November 16, 1981

The period between the last report and now has been spent preparing for hearings to be held in Anchorage November 23rd on Uniform Rules (HCR 17 & 18 & HCR 46) and Judicial Review of Administrative Regulations (HB 339 & 340 & HJR 28).

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Other activities include answering constituent mail, helping constituents with district problems, providing information on statewide issues and explaining the mechanics of legislation in committee.

HOUSE STATE AFFAIRS INTERIM COMMITTEE

BUDGET

Through November 15, 1981

100 PERSONAL SERVICES		
	Kay Mitchell, 21-A x 1 month	\$ 3,260.00
	Beverly Powers, 19-A x 3 months	8,511.00
	Barbara Reither, 15-A x 4 months	<u>8,540.00</u>
		\$28,822.00
200 TRAVEL		
	Metcalf, Round trip to Juneau	\$ 286.00
300 CONTRACTUAL		
	Telephone (Estimated)	\$ 845.08
	Yukon Office Supply (Savin Copier)	557.60
	Arctic Business Park (Rent)	<u>3,354.00</u>
		\$ 4,756.08
400 COMMODITIES (See Attached)		\$ 797.42
500 EQUIPMENT (See Attached)		\$ 2,014.80
PETTY CASH		<u>\$ 60.41</u>
	TOTAL	<u>\$36,736.71</u>

HOUSE STATE AFFAIRS COMMITTEE

YUKON OFFICE - SUPPLIES

DATE	DESCRIPTION	DEBIT	BALANCE
			1500.00
8/11	FILE FOLDERS, FRAMES, LINE PAPERS, LABEL GUN, STATIONERY TRAY, BANKERS BOXES, WASTE CAN, NOTE BOOKS, PENS, PENCILS, 2 RIBBONS, DESK CALENDAR, - III - ETC. #A 578855	94.60	
8/11	MISC - STAPLE FULLER, INDEX DIVIDERS, BINDER. #A 584520	6.48	
8/11	D. PENS, LIPTOFF TAPE, TYPEWRITER ELEMENTS, INDEX DIVIDERS, DICTIONARY, STAMPING TIPS #A 584728	119.52	
8/21	EXPENDS, STAPLER, STAPLER, STAPLER, AND DISPENSER. #A 596051	81.72	
1/21	LEGAL INDEX, TAPE, ETC #A 596056	22.70	
8/22	STAPLER PAPER & LABELS #A 598235	24.65	
8/22	INDEX, DIVIDERS, BINDER, STAPLE FULLER, INDEX DIVIDERS, PAPER #A 599489	75.22	
9/5	FILE FOLDERS, LABELS, BULLETIN BOARDS #A 600915	59.97	
			1015.14
9/16	INDEX, BINDER, INDEX CARDS, PINS, ETC #A 604146	41.30	
9/18	SAVED T-D PACK #A 604146 PAPER 56.00	96.50	
	THROUGH 9-15-81 SUB-TOTAL		
9/22	DIVIDERS, PAPER, BINDER, FOLDERS #A 606675	17.68	
10/14	MISC. LABELS #55847	5.85	
10/22	MISC. #A 616295	5.04	
11/5	MISC - LABELS PAPER, PENS, FOLDERS #A 620623	105.69	
11/12	T-D PACK FOR COPIER	40.50	
	THROUGH 11-15-81	797.42	702.58

STATE AFFAIRS COMMITTEE

		500 EQUIPMENT		DEBIT	BALANCE
					\$2,200.00
1	7/31	CY CHAIR	YUKON	95.60	
2	7/31	SEC. CHAIR	"	73.73	
3	7/31	4 DRAWER FILE CABINET	"	209.10	
4	8/3	TYPEWRITER STAND	"	91.96	
5	7/31	BOOKCASE	"	109.41	
6	7/31	BOOKCASE	"	109.41	
7	7/31	LARGE FOLDING TABLE	"	79.14	
8	8/13	2 SIDE CHAIRS	"	118.00	
9	8/11	ANSWERING MACHINE	"	289.95	
10	8/11	ADAPTER	"	5.50	
11	7/21	2 DESKS	BARRETT	594.00	
12					
13	8/30	CYLINDER STAND #91743	(ARCTIC/BUDGET)	89.00	355.21
14					
15	9/5	TABLE + COAT RACK #92618	(ARCTIC/BUDGET)	170.00	
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17		THROUGH 11-15-81		2014.80	
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Through November 15, 1981

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PETTY CASH		\$ 60.41
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TOTAL		<u><u>\$36,736.71</u></u>
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Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

MEMO

DATE: September 21, 1981
TO: Rep. Randy Phillips
FROM: Barbara Reither, Secretary
RE: Addendum to Budget detail as requested

According to our records, the following salaries have been dispersed through September 15, 1981.

	NET	GROSS	TOTAL
<u>Kay Mitchell - 21A</u>			
July 15 - Aug. 14		\$3,260.00	\$3,260.00
<u>Barbara Reither - 15A</u>			
July 27 (7/1-7/15)	\$ 707.	\$1,067.50	
Aug. 10 (7/16-7/31)	800. (Mid month)		
Aug. 27 (8/1-8/15)	614.	<u>2,135.00</u>	
	Sub-total	<u>3,202.50</u>	
Sept. 10 (8/16-8/31)	(Mid month)	<u>800.00</u>	\$4,002.50
<u>Beverly Powers - 19A</u>			
Sept. 10 (8/16-8/31)	\$1,220.00 (Mid month)		<u>\$1,220.00</u>
			<u>\$8,482.50</u>

100 Personal Services Total

\$8,482.50

HOUSE STATE AFFAIRS COMMITTEE

BUDGET

Through September 15, 1981

200 TRAVEL		\$ 0
300 CONTRACTUAL		
Telephone (Estimate) \$250/month x 2 months	\$ 500	
Office Space: Deposit @ \$625		
\$625/month x 2 months		
	<u>\$1,875</u>	\$2,375.00
400 COMMODITIES (See Attached)		\$ 484.86
500 EQUIPMENT (See Attached)		\$1,844.80
PETTY CASH: Stamps @ \$15.00; Keys @ \$7.00		\$ 22.00
		=====
		=====
	TOTAL	\$4,726.66

HOUSE STATE AFFAIRS COMMITTEE

BUDGET

Through September 15, 1981

200 TRAVEL		\$ 0
300 CONTRACTUAL		
Telephone (Estimate) \$250/month x 2 months	\$ 500	
Office Space: Deposit @ \$625		
\$625/month x 2 months		
	<u>\$1,875</u>	\$2,375.00
400 COMMODITIES (See Attached)		\$ 484.86
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		<u> </u>
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<u>Beverly Powers - 19A</u>			
Sept. 10 (8/16-8/31)	\$1,220.00 (Mid month)		<u>\$1,220.00</u>
	100 Personal Services Total		\$8,482.50

STATE AFFAIRS COMMITTEE

		500 EQUIPMENT		DEBIT	BALANCE
					\$2,200.00
1	7/31	EX CHAIR	YUKON	95.60	
2	7/31	SEC. CHAIR	"	73.73	
3		4 DRAWER FILE CABINET	"	209.10	
4	7/31	TYPEWRITER STAND	"	91.96	
5	7/31	BOOKCASE	"	109.41	
6	7/31	BOOKCASE	"	109.41	
7	7/31	LARGE FOLDING TABLE	"	79.14	
8	8/10	2 SIDE CHAIRS	59 ea.	118.00	
9	8/11	SHRINKING MACHINE	"	289.95	
10	8/11	ADAPTER	"	5.50	
11	7/31	2 DESKS	232" ea. CREDITS	574.00	
12					
13	7/31	TYPEWRITER STAND #91743	(ARCTIC/BUDGET)	89.00	355.20
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15	7/31	TABLE + CONT. #93612	(ARCTIC/BUDGET)	170.00	
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HOUSE STATE AFFAIRS COMMITTEE

YUKON OFFICE - SUPPLIES

DATE	DESCRIPTION	AMOUNT	BALANCE
	DEBIT		1500.00
2/11	FOR BOOKS, PAPER, LITH PAPERS, LABEL CUPS, STATIONERY TRAY, BANKERS BOXES, WASTE CANS, NOTE BOOKS, PENS, PENCILS, & RIBBONS. WEEKLY SUPPLY - 1908.00	916.00	
2/11	TRIP - STAFF PAPER, INDEX PAPERS, #15 5415.00	648.00	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 817.00	817.00	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 246.00	246.00	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 782.22	782.22	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 579.97	579.97	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 413.00	413.00	
2/11	FOR TRIP TO STATIONERY DEPARTMENT #15 76.50	76.50	
	EXCHANGE		

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HOUSE STANDING COMMITTEE INTERIM BUDGET REQUEST 1981

FROM: STATE AFFAIRS Committee

BUDGET

100 personal Services	\$	<u>38,121.00</u>
200 Travel	\$	<u>15,134.00</u>
300 Contractual	\$	<u>6,175.00</u>
400 Commodities	\$	<u>1,500.00</u>
500 Equipment	\$	<u>2,200.00</u>
TOTAL	\$	<u>63,130.00</u>

DETAILS:

100 Personal Services

Staffing Detail:

NAME: <u>Barbara Reither</u>	<u>15A</u>	RANGE x MONTHS	<u>6</u>	<u>\$12,810.</u>
<u>Beverly Powers</u>	<u>19A</u>	RANGE x	<u>4 1/2</u>	<u>14,185.</u>
NAME: <u>Kay Mitchell</u>	<u>21A</u>	RANGE x	<u>1</u>	<u>3,260.</u>

SUBTOTAL 30,255.
26% 7,866.
TOTAL 38,121

200 Travel; anticipated:

<u>NAME</u>	<u>DESTINATION</u>	<u>DATES</u>	
<u>1 Committee (7)</u>	<u>Anchorage</u>	<u>October</u>	<u>\$ 1,099 (Includes Per Diem)</u>
<u>2 "</u>	<u>"</u>	<u>November</u>	<u>\$ 1,099 "</u>
<u>3 "</u>	<u>Anch/Nome/Flx</u>	<u>November</u>	<u>\$ 12,936</u>
<u>4</u>	<u>Kot/Anch</u>	<u>November</u>	<u>\$ 12,936</u>
		<u>TOTAL</u>	<u>\$ 15,134</u>

300 Contractual

Telephone:

Utility \$1,800 Phone # 272-5841
279-2832

Office Space:

Vendor Arctic Business Park I Location 600 W. 41st. Suite 201-A

Payment Arrangements \$625/Month + \$625 Deposit (returnable)
TOTAL: \$4,375

Anticipated special contract requests, including personal services or consulting: _____

400 Commodities

Office supplies anticipated \$1,500 (Includes duplicating)

500 Equipment

1. 2 Desks @ \$574.; 4 drawer file cab. @ \$209.00
1 Sec. chair @ \$73.73; 1 Ex. chair @ 95.60
2. 1 36'x72' folding table \$79.14; 2 bookcases @ \$218.82;
2 side chairs @ \$300; 1 answering machine \$300.00;
3. End table and small miscellaneous

Petty Cash:

Yes / / No / /

Amount \$100.00 Custodian: Barbara Reither
Name

Travel Request Books:

Yes / / No / /

Custodian Ray Metcalfe
Name

SIGNATURE: 

Approval _____ Date: _____

Randy Phillips
Majority coalition liaison to the
Legislative Council



Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

TO: Rep. Randy Phillips, Coalition Liason to
Legislative Council

FROM: Rep. Ray Metcalfe, *RM* Chair
House State Affairs Committee

SUBJ: Committee report

DATE: November 16, 1981

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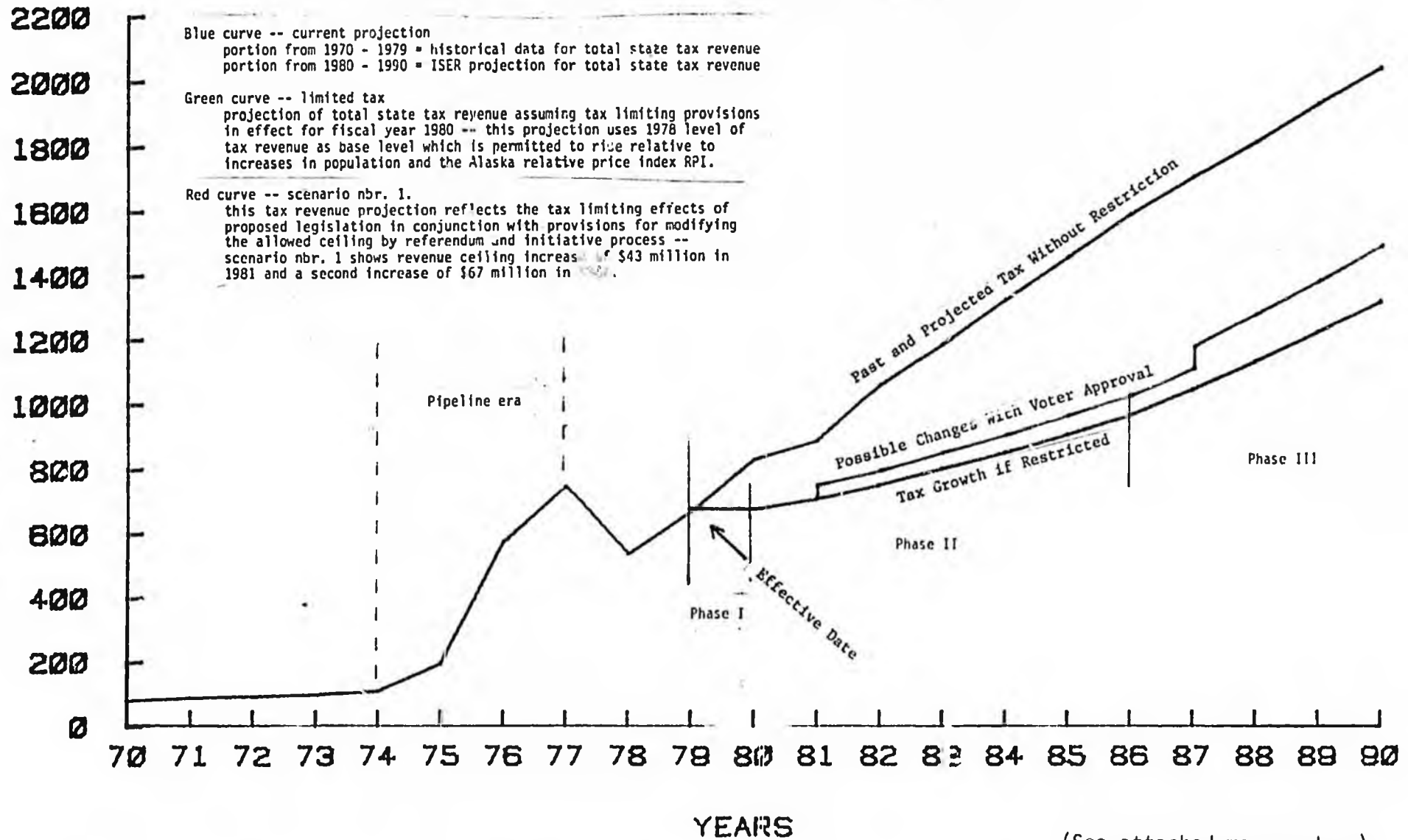
~~TAX~~

PROPOSITION

TAX REVENUE LIMITATION

STATE PROJECTION --- SCENARIO NBR. 1

BILLIONS OF DOLLARS

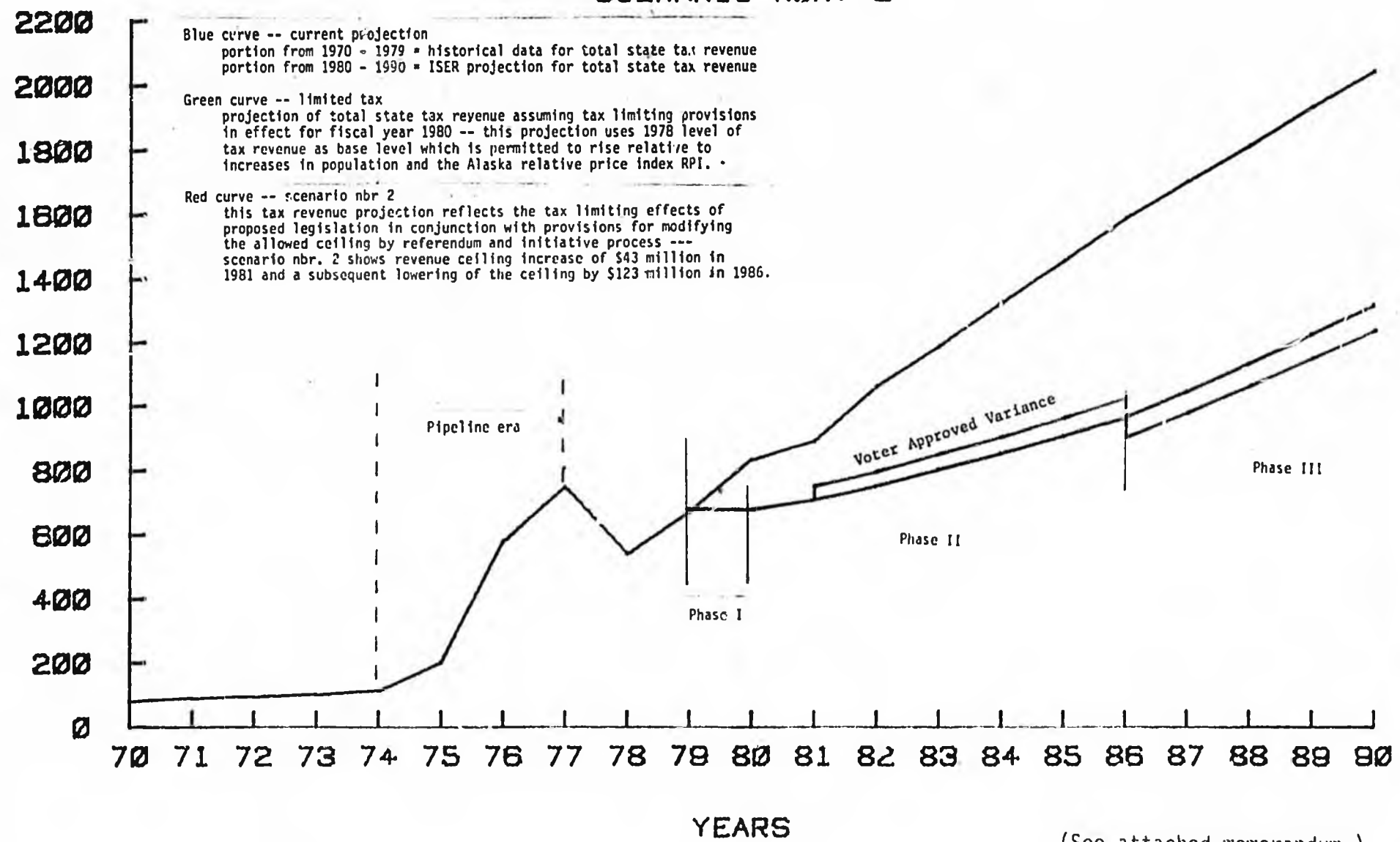


(See attached memorandum.)

KEY: — CURRENT PROJECTION — LIMITED TAX — SCENARIO NBR. 1

TAX REVENUE LIMITATION SCENARIO NBR. 2

SEVENTH OIL POLLS

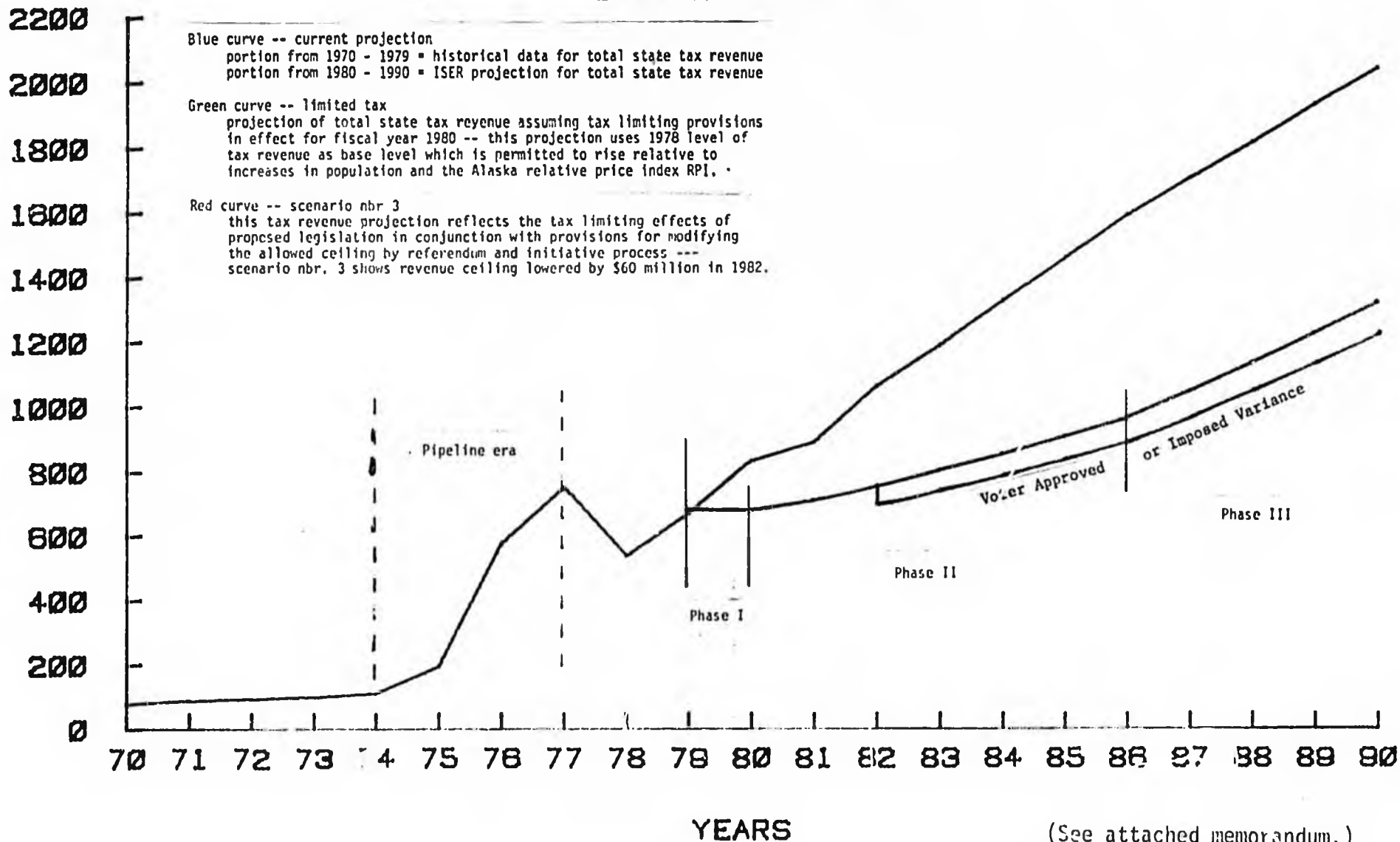


(See attached memorandum.)

KEY: — CURRENT PROJECTION — LIMITED TAX — SCENARIO NBR. 2

TAX REVENUE LIMITATION SCENARIO NBR. 3

BILLIONS OF DOLLARS



(See attached memorandum.)

KEY: — CURRENT PROJECTION — LIMITED TAX — SCENARIO NBR. 3

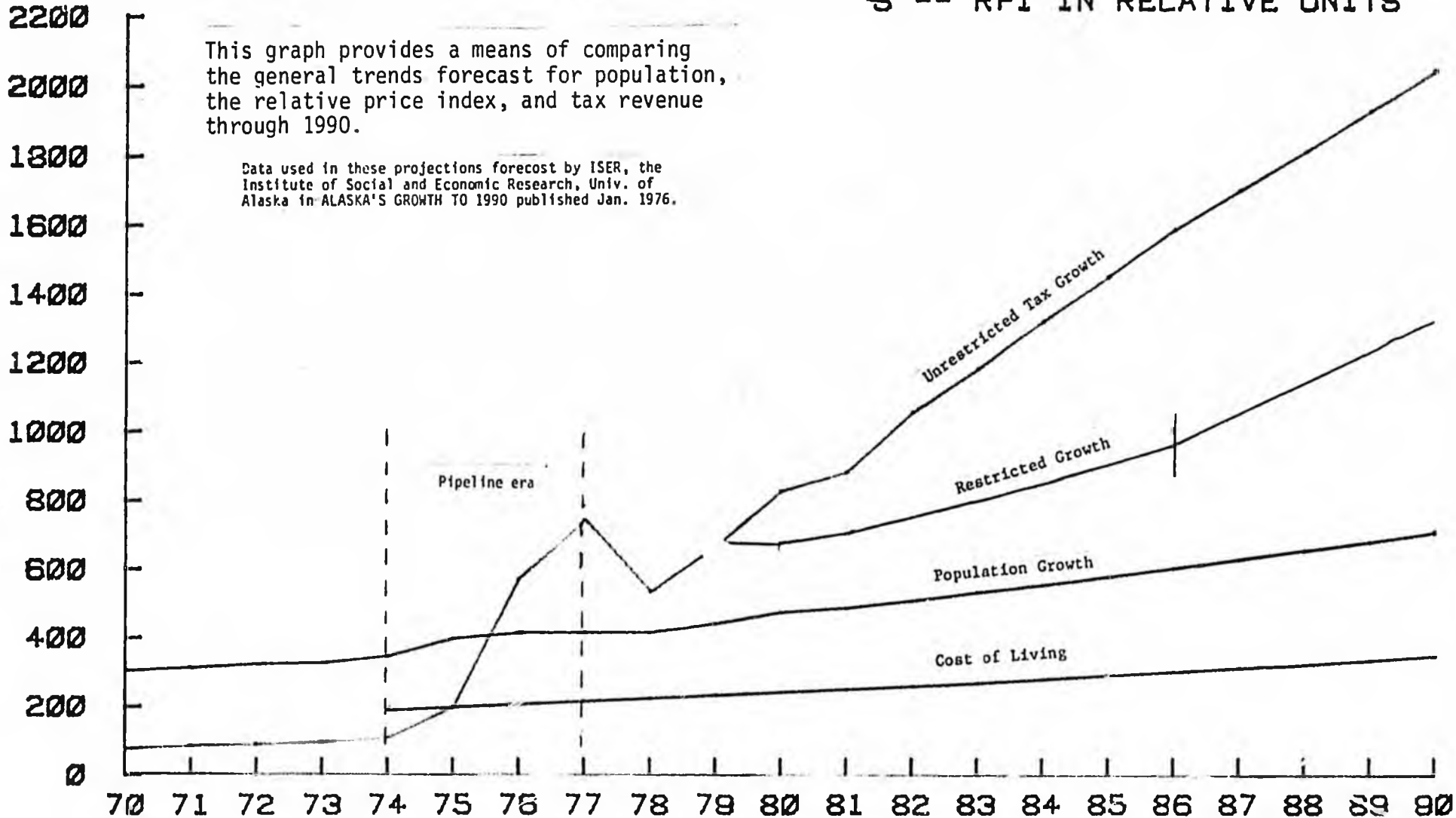
TAX REVENUE - POPULATION - PRICE INDEX

TAX REV IN \$MILLIONS -- POP IN 1000'S -- RPI IN RELATIVE UNITS

This graph provides a means of comparing the general trends forecast for population, the relative price index, and tax revenue through 1990.

Data used in these projections forecast by ISER, the Institute of Social and Economic Research, Univ. of Alaska in ALASKA'S GROWTH TO 1990 published Jan. 1976.

POP X 1000



YEARS

RPI - relative price index - is a composite index of the Anchorage consumer price index and a state-wide survey of food costs.

(See attached memorandum.)

KEY: — POPULATION — TAX REVENUE — RELATIVE PRICE INDEX

EXPLANATION OF BILL
PREPARED AND PROPOSED BY RAY METCALFE

To create a truly effective tax proposition, all taxes must be addressed. People do not concern themselves with income tax, property tax, state or municipal tax nearly as much as they are concerned about the overall cost of government.

If one addresses property tax only, as was the case in Proposition 13 of California, the door is left open for other taxes to be increased. Twenty years from now Proposition 13 will have been rendered impotent as a result of the many avenues that were left for government to grow sufficiently to eventually offset any effects that resulted from Proposition 13. Equally, important, it is necessary that one not address State taxes alone. If State taxes alone are addressed, local taxes will automatically increase sufficiently to bridge any potential gap for the funding of existing services, and therefore the cost of government continues to remain the same.

Therefore, I have chosen not to address a specific tax but to place a limit on all taxing powers of the State as well as insure that the State cannot grant taxing powers which exceed its own taxing powers.

Many tax proposition proposals have required an unhealthy over-night hatchet job for the purpose of taking out the fat. This proposition has totally avoided that possibility. The tax ceiling allowable under this proposed proposition would be established at approximately that level which would be concurrent as of the effective date.

For a period of six years thereafter, all taxing authorities within the State of Alaska would be restricted to a growth rate which would be slightly less than the overall growth rate of the State. At no time does this proposition place anyones job in jeopardy, or require any massive cutbacks. Over a period of six years, all government within the State of Alaska would be required to slowly but thoughtfully trim the fat from within itself.

At the end of the six years government would have shrunk relative to the size of the State, by an approximate 20%. After six years of restrictive growth, the State, as well as any community within the State would be tied to a growth rate that would require the State and local government to restrict itself to a growth rate paralell to the growth rate of the State or community.

Many propositions that have been passed or proposed in other states will eventually become no longer workable. This proposition has an allowed flexibility clause, which is designed to make this tax proposition fuctional, and adjustable to any life style, thereby making this proposition sufficiently flexible to remain a part of the Constitution of Alaska for as long as Alaska has a Constitution.

Beginning with the effective date of this amendment and at any time thereafter, the Legislature or the governing body of any political subdivision, as well as the people of any political subdivision or the people of the State, will be

allowed to place a proposition on the ballot and before the people to request voter approval of a variance either upward or downward from what is otherwise a constitutionally imposed ceiling on the amount of money that government can take from people.

The most significant item about this proposed Constitutional amendment, is that this amendment effectively takes the purse strings out of the hands of government and places them where they belong, which is in the hands of the people.

It is designed to be a painless but also effective tax cutting proposition.

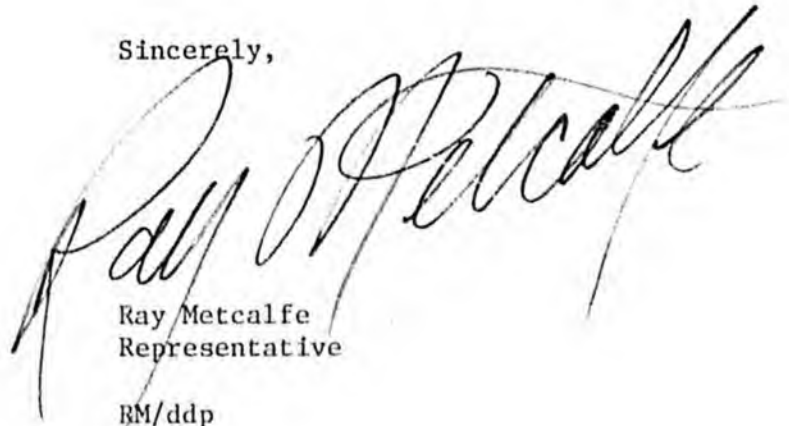
Deliberately so, it only tells government how much it can take from the people, it does not tell government where to get the money from the people. If one were to do so, inequities invariably occur. A typical example would have been a proposition which has passed in another state that put an immediate freeze on property taxes, as well as assessed evaluations. The problem that many communities immediately thereafter found themselves faced with, was that in many cases similar properties had been appraised in different years. Because similar properties were subject to two different rates of taxation; one property was worth dramatically more on the open market than the other. This proposition allows sufficient flexibility to address such problems, and the flexibility to adapt to our changing times.

Attached you will find graphs which outline projected increases in the cost of government, and the effects of this proposed amendment.

Please note, that at no time does government have less money to spend than it did in the prior year, and at no time does it require any radical changes, unless such changes are mandated by a vote of the people.

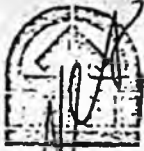
Your support in this effort will be most sincerely appreciated.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Ray Metcalfe". The signature is written over the typed name and title.

Ray Metcalfe
Representative

RM/ddp



**National
Conference
of State
Legislatures**

Office of
State
Federal
Relations

444
North Capitol
Street, N.W.
2nd Floor
Washington, D.C.
20501
202/624-5400

President
Fred E. Anderson
President of the Senate
Colorado
Executive Director
Earl S. Mackey

March 24, 1978

TO: Legislative Leaders and Key Legislative Staff

RE: Treatment of Taxes for Tax Year 1977

*Legislators
3-28-78*

1. The Senate has passed and sent to the President a minor tax measure, P.R. 11055, which extends for one year (1977) the treatment of legislator expenses which is described below. This particular provision of the tax code has now applied to tax years 1972-1977. We hope to work out a permanent resolution of this tax problem during this year.

2. The law applying to legislator expenses in the capital (section 162(a) of the Tax Code) provides first that a legislator's home for federal income tax purposes is in the district which is represented in the legislature.

3. Legislators have two alternatives for computing their deductions for meal and lodging expenses in the capital. The first approach, used by businesspeople who are away from home, requires records of all expenses claimed as deductible. The only restriction on deductions is that they be ordinary or necessary. Legislators who believe that their circumstances show that the capital is their "tax home" should not use this method of computing expenses. The method provided by the extension will prove more beneficial.

The second method, spelled out in section 162(a) of the U.S. Tax Code, would permit legislators to compute their expenses by multiplying the number of "legislative days" by the federal per diem rate in the capital. Legislators are "deemed" to have spent this amount; no more substantiation is required.

"Legislative day" is defined as a day in which the legislature is in session, a day in which the legislature is not in session for four consecutive days or less (such as Friday-Tuesday recesses during sessions), and days when a member is formally recorded at a meeting of a legislative committee.

The federal per diem rate is set by statute at \$35 but the General Services Administration may adjust that figure up to a maximum of \$50 a day if the costs in a city rise 10% or more above the \$35 figure. The figures for Hawaii and Alaska are set by the Defense Department. Latest figures are below. Unless a capital is on the list, legislators should assume that the applicable per diem rate is \$35.

Boston	\$49	Hartford	\$39
Juneau	\$70	Providence	\$40
Albany	\$39	Charleston, W.Va.	\$39
Honolulu	\$46	St. Paul	\$41



PLEASE PASS THIS MESSAGE TO YOUR COLLEAGUES

For further information, contact Paul Sweet (202) 624-5409.

DIED ON ADJOURNMENT (8/31/78)

AMENDED IN ASSEMBLY JUNE 23, 1978

AMENDED IN SENATE JUNE 12, 1978

AMENDED IN SENATE FEBRUARY 1, 1978

AMENDED IN SENATE JANUARY 17, 1978

Senate Constitutional Amendment

No. 42

Introduced by Senator Deukmejian

(Principal Coauthor: Assemblyman Priolo)

(Coauthors: Senators Beverly, Cusanovich, Russell, and
~~Stull~~ *Stull, Ayala, Campbell, Paul Carpenter, Johnson,*
Nejedly, Nimmo, Presley, Richardson, Rains, Stiern, and
Wilson)

(Coauthors: Assemblymen Antonovich, Arnett, Chappie,
Cline, Craven, Dannemeyer, Ellis, Hallett, Hayden,
Imbrecht, Lancaster, Maddy, Nestande, Ryan, Statham,
Stirling, and ~~William Thomas~~ *William Thomas, Bannai,*
Chel, Collier, Cordova, Mangers, Vincent Thomas, and
Young)

April 21, 1977

Senate Constitutional Amendment No. 42—A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding Article XXIX thereto, relating to revenues and appropriations.

LEGISLATIVE COUNSEL'S DIGEST

SCA 42, as amended, Deukmejian. Revenues and appropriations.

Existing provisions of the California Constitution do not limit the total annual appropriations of the state or by local government.

This measure would prohibit the annual appropriations of any governmental entity from exceeding the total appropria-

tions of such entity of government for the prior year by more than the annual percentage change in the cost of living and population, with certain exceptions.

This measure would also require the Legislature to provide a method of determining the change in the cost of living and for estimating the actual population change for the state and each local government.

Existing statutory law mandates that the state shall reimburse local government for the cost of complying with a state-mandated local program, as defined.

This measure would establish a constitutional mandate that whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, it shall provide an appropriation to reimburse such local government for the costs of such program or increased level of service, with certain exceptions.

The measure would become effective commencing with the 1979-80 fiscal year.

Vote: 2/3. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring, That*
2 *the Legislature of the State of California at its 1977-78*
3 *Regular Session commencing on the sixth day of*
4 *December, 1976, two-thirds of the members elected to*
5 *each of the two houses of the Legislature voting therefor,*
6 *hereby proposes to the people of the State of California*
7 *that the Constitution of the state be amended by adding*
8 *Article XXIX thereto, to read:*

9
10 ARTICLE XXIX

11
12 EXPENDITURES

13
14 SEC. 1. The annual appropriations of the state and of
15 each local government shall not exceed the total
16 appropriations of such entity of government for the prior
17 year by more than the annual percentage changes in the
18 cost of living and population. The Legislature shall
19 provide a method for determining the change in the cost

1 of living which shall reflect the actual change in the cost
2 of providing governmental services, but in no case shall
3 such change exceed the change in the state's per capita
4 personal income. The Legislature shall provide a method
5 for estimating the actual population changes for the state
6 and each local government, however, the population of
7 school districts shall be the average daily attendance. The
8 limitation on *state* appropriations contained in this article
9 shall not apply to funds received by the state from the
10 federal government ~~or~~, *nor shall the limitation on local*
11 *government appropriations apply* to funds received by
12 local governments from either the state or the federal
13 government.

14 SEC. 2. The Legislature may exempt from the
15 limitations imposed by Section 1 any of the following,
16 provided that both the state and the local governments
17 shall be treated in substantially the same manner:

18 (a) Appropriations made upon the separately recorded
19 vote of two-thirds of the membership of the governing
20 body declaring an emergency. In no case shall an
21 emergency authorization exceed the period of time
22 between the declaration thereof and the next election in
23 the government entity for which the emergency
24 appropriation is authorized, nor shall an emergency
25 appropriation be considered an appropriation for
26 determining appropriations for subsequent years
27 pursuant to Section 1.

28 (b) A reserve fund not to exceed 5 percent of the
29 allowable appropriations of the government entity. Such
30 reserve funds may be utilized only for emergency
31 appropriations authorized pursuant to subdivision (a),
32 and only if such fund is exhausted, may a government
33 entity resort to emergency tax increases or debt.

34 (c) Appropriations required for purposes of complying
35 with mandates of the courts or the federal government
36 which, without discretion, require an expenditure for
37 additional services or which unavoidably make the
38 providing of existing services more costly.

39 (d) Appropriations made to assume the responsibility
40 of providing services or programs previously provided by

1 another entity or level of government, provided that the
2 allowable appropriations of such other government
3 entities are reduced by an equal amount.

4 (e) Appropriations by local governments which
5 correspond to subventions made by the state for
6 state-mandated programs, pursuant to Section 5.

7 ~~(f) Appropriations of any special district which existed
8 on January 1, 1978, or which are thereafter created by a
9 vote of the people to be included therein, which does not
10 levy an ad valorem tax on property in excess of 12½ cents
11 per \$100 of full value.~~

12 *(f) Appropriations of any special district which existed
13 on January 1, 1978, and which did not as of the 1977-78
14 fiscal year levy an ad valorem tax on property in excess
15 of 12½ cents per \$100 of full value; or the appropriations
16 of any special district then existing or thereafter created
17 by a vote of the people, which is totally funded by fees,
18 rates, tolls, or other charges for service.*

19 SEC. 3. (a) The limitations imposed on the state
20 government by this article may be exceeded if a majority
21 of the electors voting in a statewide election approve an
22 appropriation level exceeding such limitations.

23 (b) The limitations imposed on a local government by
24 this article may be exceeded if a majority of the electors
25 voting in an election held for such purpose and
26 encompassing the entire government entity approve an
27 appropriation level exceeding such limitations.

28 SEC. 4. Any revenues collected by any government
29 entity in excess of the appropriations of that government
30 entity allowed by this article shall be reflected in a
31 corresponding reduction in one or more of the taxes
32 collected by that government entity in the next ensuing
33 tax year.

34 SEC. 5. Whenever the Legislature or any state agency
35 mandates a new program or higher level of service on any
36 local government, it shall provide an appropriation to
37 reimburse such local government for the costs of such
38 program or increased level of service, except:

39 (a) Legislation defining a new crime or changing an
40 existing definition of a crime, or

1 (b) Legislative mandates enacted prior to January 1,
2 1975, or executive orders or regulations initially
3 implementing legislation enacted prior to January 1,
4 1975.

5 SEC. 6. Nothing in this article shall be construed to
6 impair the ability of the state or of any local government
7 to meet its obligations with respect to existing or future
8 bonded indebtedness. Appropriations required to pay
9 the cost of interest and redemption charges on existing
10 bonded or other indebtedness, together with any reserve
11 or sinking funds required in connection therewith, shall
12 be exempt from the appropriations limitations and base
13 year calculations imposed by Section 1. Bonded
14 indebtedness hereinafter approved by a vote of the
15 electors of the issuing jurisdiction voting in an election for
16 such purpose shall constitute priority expenditures of
17 such government entity; and if the principal and interest
18 payments of such bonds shall exceed the appropriations
19 limitations of the issuing government entity, such
20 limitations may be exceeded to satisfy such payments.

21 SEC. 7. *This article shall be effective commencing
22 with the 1979-80 fiscal year, and for purposes of
23 establishing the appropriations limitations contained
24 herein, the base year shall be the 1978-79 fiscal year.*

25 SEC. 8. The Legislature shall have plenary power to
26 enact legislation consistent with, and to implement the
27 purposes of, this article.

No Real Tax Revolt But Antitax Forces Won

In addition to choosing lawmakers on Nov. 7, voters were making new laws. Thirty-eight states sponsored nearly 350 referendums and when it was all over, those who voted (only one-third of those eligible) had decided on issues ranging from denture-fitting to the death penalty.



The big issues, though, were taxes and government spending — on the ballot in nearly one-third of the states. While there was no real tax revolt, as some had predicted, antitax forces won consistently.

Tax-cutting proposals similar to Proposition 13 passed easily in Idaho and Nevada, but were defeated in Michigan and Oregon. In other states, voters voiced opinions on other tax measures that proposed either a tight control on tax increases or a limit on state spending. Most won, but measures were defeated in Colorado, Nebraska and Arkansas.

The liveliest battles over taxes occurred in states where voters had at least two alternatives to choose from. In Oregon, the two gubernatorial candidates lined up on opposite sides of the fence. Republican winner Victor Atiyeh backed a Proposition 13-type measure while Democratic Gov. Robert Straub proposed a combination tax relief-spending limit alternative. Both measures were defeated.

Michigan gave its voters three choices: a Proposition 13-type offspring, a more moderate proposal to limit both tax increases and state spending (known as the Headlee Amendment), and a voucher-system substitute for property tax to finance the schools. The Headlee plan won narrowly, while the other two measures failed.

The results of other state ballot propositions were as follows:

Alabama — Limit property taxes to 20 percent yearly. *Passed.*

Arizona — Limit state spending to seven percent of total personal income. *Passed.*

Arkansas — Eliminate sales tax on food and medicine. *Defeated.*

Colorado — Tie state and local spending to cost of living. *Defeated.*

Hawaii — Limit state spending to growth rate of state economy. *Passed.*

Idaho — Reduce property tax to one percent of market value. *Passed.*

Massachusetts — Prevent sharp boosts in residential property taxes. *Passed.*

Nebraska — Limit annual increase in local budgets to five percent. *Defeated.*

Nevada — Reduce property tax to one percent of market value. *Passed.*

North Dakota — Cut personal income taxes for individuals, increase for corporations. *Passed.*

South Dakota — Require two-thirds vote of legislature to raise taxes rather than the present simple majority. *Passed.*

Texas — Package that includes linking state spending increases to growth of economy. *Passed.*

In other referendums of interest, voters in a special election in Long Beach, Ca., supported a plan by Standard Oil of Ohio to build an oil-tanker terminal in their city to handle crude oil from Alaska. The voters also approved an accompanying pipeline system that would run east from Long Beach to Midland, Tex. Philadelphia voters turned down a proposed revision of the City Charter that would have permitted Mayor Frank Rizzo to run for a third term next year.

Published by the Civic Action Program, Atlantic Richfield Company, 515 South Flower Street, Room 461, Los Angeles, CA 90071. (213) 486-0892.
Director of Volunteer Political Programs: Bob McElroy.
Editor: Beverly Copeland.

INITIATIVE

(This Initiative Measure proposes to add a new Article to the Constitution.)

PROPOSED ARTICLE XIII B. CONSTITUTION
GOVERNMENT SPENDING LIMITATION

Sec. 1. The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.

Sec. 2. Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Sec. 3. The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:

(a) In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

(b) In the event that the financial responsibility of providing services is transferred, in whole or in part, from an entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.

(c) In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

Sec. 4. The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.

Sec. 5. Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of tax, 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.

Sec. 6. Whenever the Legislature or any state agency 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 of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crime; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing

legislation enacted prior to January 1, 1975.

Sec. 7. Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.

Sec. 8. As used in this Article and except as otherwise expressly provided herein:

(a) "Appropriations subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;

(b) "Appropriations subject to limitation" of an entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;

(c) "Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;

(d) "Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;

(e) "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 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;

(f) "Population" of any entity of government, other than a school district, 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. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose.

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the "appropriations limit" of each entity of government for fiscal year 1978-79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For fiscal year 1978-79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, "appropriations subject to limitation" shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

Sec. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12-1/2 cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

Sec. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

Sec. 11. If any appropriation 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 in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.



OFFICE OF THE ATTORNEY GENERAL

Department of Justice

555 CAPITOL MALL, SUITE 35
SACRAMENTO 95814
(916) 445-9555



October 20, 1978

FILED
In the office of the Secretary of State
of the State of California

OCT 25 1978

MARCH FONG EU, Secretary of State

By Esther M. Apperson
Deputy

Honorable March Fong Eu
Secretary of State
925 L Street, Suite 605
Sacramento, CA 95814

Attention: Rico Nannini

Re: Initiative Constitutional Amendment -- Limitation
of Government Appropriations.

Dear Mrs. Eu:

Pursuant to the provisions of sections 3503 and 3513 of the Elections Code, you are hereby informed that on this day we mailed to Paul Gann, as proponent, the following title and summary:

LIMITATION OF GOVERNMENT APPROPRIATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT. Establishes and defines annual appropriation limits on state and local governmental entities based on annual appropriations for prior fiscal year. Requires adjustments for changes in cost of living, population and other specified factors. Appropriation limits may be established or temporarily changed by electorate. Requires revenues received in excess of appropriations permitted by this measure to be returned by revision of tax rates or fee schedules within two fiscal years next following year excess created. With exceptions, provides for reimbursement of local governments for new programs or higher level of services mandated by state. Financial Impact: Indeterminable.

Enclosed herewith is a declaration of mailing thereof, and a copy of the proposed measure.

Honorable March Fong Eu
Page 2
October 20, 1978

According to information available in our records the address and phone number of the proponent of this measure are as stated on the declaration of mailing.

Very truly yours,

EVELLE J. YOUNGER
Attorney General


VANCE W. RAYE
Deputy Attorney General

VWR:mf
Enclosures

INITIATIVE

(This Initiative Measure proposes to add a new Article to the Constitution.)

PROPOSED ARTICLE XIII B. CONSTITUTION GOVERNMENT SPENDING LIMITATION

Sec. 1. The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.

Sec. 2. Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Sec. 3. The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:

(a) In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

(b) In the event that the financial responsibility of providing services is transferred, in whole or in part, from an entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.

(c) In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

Sec. 4. The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most-recent vote of said electors creating or continuing such change.

Sec. 5. Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, 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.

Sec. 6. Whenever the Legislature or any state agency 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 of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crime; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing

legislation enacted prior to January 1, 1975.

Sec. 7. Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.

Sec. 8. As used in this Article and except as otherwise expressly provided herein:

(a) "Appropriations subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;

(b) "Appropriations subject to limitation" of an entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;

(c) "Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;

(d) "Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;

(e) "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 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;

(f) "Population" of any entity of government, other than a school district, 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. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose.

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the "appropriations limit" of each entity of government for fiscal year 1978-79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For fiscal year 1978-79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, "appropriations subject to limitation" shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

Sec. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977-78 fiscal year levy an ad valorem tax on property in excess of 12-1/2 cents per \$100 of assessed value; or the appropriations of any special district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

Sec. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

Sec. 11. If any appropriation 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 in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.

Tax initiative

POWER TO THE CONTROLLER UNDER THE NEW GANN PLAN

By ED SALZMAN

On July 1st, 1980, State Controller Ken Cory will probably become the third most powerful official in state government, trailing only Governor Jerry Brown and Assembly Speaker Leo McCarthy. The reason: the controller on that date could gain a large measure of control over the budgets of every governmental entity in the state. Cory won't be able to tell state and local officials how they can spend their money, but he will be able to tell them that they can spend a specified amount and no more.

This significant jump in the controller's authority is predicated on the assumption that California voters will approve a spending-limit initiative, sponsored by Paul Gann of Proposition 13 fame, on the June 1980 ballot. Gann has not yet qualified the initiative for the ballot, but he had about four-fifths of the necessary signatures in early December and was expected to exceed the necessary 500,000 with ease by the March 19th deadline. And does anyone doubt that the proposition will pass if it reaches the ballot?

The Gann proposal, carefully written by a drafting committee, would restrict the state and every unit of local government from increasing spending in any year more than the increase in the cost of living and population. (For details, see box.) The job of policing the initiative would fall on the shoulders of the controller's office, unless the Legislature decided to establish a new bureaucracy to do that job.

The practical effects

The local affairs and accounting units in the controller's office already exercise some measure of control over government expenditures — but that is nothing compared to the power Cory would get under the Gann plan. Even though the authority is not specifically given to him in the measure, it is significant. The controller could establish each year the allowable percentage increase for the state and for each school district, city, county and special district. He could crack down on any entity exceeding the limit, and he would have to interpret some of the more esoteric provisions of the initiative, pending court rulings. It is entirely possible that disputes could arise between the controller and a governmental agency over the proper expenditure limit in any given year. The initiative itself is silent on how the proposed limit law would be implemented. In all probability, the Legislature would have to establish a procedure for establishing the allowable percentage increases in spending each year.

But for the average citizen, the key question is what practical effect the initiative would have on governmental budgets. Fearing a major change in economic conditions, both state and local government would be able to increase spending about 7 percent a year, according to Kirk West, executive vice president of the California Taxpayers Association (Cal-Tax). For school districts, the increase would be less, about six percent, because enrollments are declining



and average daily attendance is one factor involved in establishing spending limits for public schools.

How does that compare with the recent rate of increase in government spending? Over the past 10 years, the total state budget has been rising at the average rate of 14 percent. But that includes subventions to local government, capital outlay and some items that would be excluded from the Gann limit. A better comparative figure is the average general-fund increase of 10 percent. According to West, a typical unit of local government has spent 11 or 12 percent more each year over the past decade, but there are great variations within the hundreds of units.

Thus, the net effect of this initiative would be about the same as the spending-limitation measure sponsored by then-Governor Ronald Reagan in 1973. The Reagan plan, which was defeated, was tied to personal income and would have reduced the amount of the increase over a period of years from 8.3 percent to 7 percent, which would hold firm starting in the 1981-80 fiscal year.

One of the key participants in the drafting of the Reagan proposal was William Craig Stubblebine, an economics professor at Claremont Men's College. He also served on the committee that wrote the current initiative. Others on the

The 'Spirit of 13' initiative

Here is an outline of the main provisions of the spending-limitation initiative sponsored by Proposition 13's Paul Gann and expected to qualify for the ballot in June of 1980:

- State and local government appropriations each year generally shall not exceed the limit set for the previous year, adjusted for changes in the cost of living and population.

- Surplus funds shall be returned to the taxpayers through downward revision of tax rates and fee schedules during the subsequent two fiscal years.

- In the event of any emergency, the limit may be exceeded. However, the excess must be "paid off" through appropriation reductions in the subsequent three years.

- The limits may be revised upward or downward by a majority vote of the people at the state or local level. However, these changes cannot remain in effect for more than four years without another vote of the people.

- Whenever a state agency mandates a new program or higher level of service on local government, the state shall provide the funds for the costs of these programs and services. There are three exceptions: mandates requested by local government, new crimes and mandates enacted before 1975.

- State appropriations subject to limitation include all expenditures from the proceeds of taxes except those funds subvented to local government, refunds of taxes, and benefits for retirement, unemployment insurance and disability insurance. Appropriations subject to limitation at the local level include all expenditures from the proceeds of local taxes and subventions from the state; the only exception is tax refunds.

- In effect, state and local government would be prohibited from charging user fees higher than necessary to provide the product or service for which the fee is established.

- For purposes of calculating the spending limit, the federal Consumer Price Index shall be used. However, the allowable percentage increase shall not exceed the change in California per capita income from the previous year. Federal census figures shall be the basis for establishing population trends, although the Legislature is given some leeway in this area. For purposes of establishing school limits, average daily attendance will be used instead of overall population statistics.

- The limitation shall not include funds for debt service, compliance with certain court orders and expenditures of a few special districts.

- The measure shall go into effect on the first day of the fiscal year following its adoption, presumably July 1st, 1980.

- If any portion of the initiative is thrown out by the courts, the remainder would continue in effect.

committee included West, Dugald Gillies of the California Association of Realtors, James P. Kennedy of the California Chamber of Commerce, and Richard Gann, son of the sponsor. Lewis Uhler, a former Reagan Administration executive and head of a national spending-limitation committee, also participated in some sessions. Paul Gann, who doesn't pretend to be a technician, played a relatively minor role.

The most difficult job for the committee was establishing a definition of "appropriation" so that the initiative could work in the real world. There was a move to substitute a revenue-limitation approach, but that was rejected.

Stubblebine insists that the most important element in the initiative is not that it will control the cost of government but that it establishes a new system under which the people themselves will decide how much they are going to pay in taxes. This is because the proposal does not forever fix limits in the constitution. It allows the people of the state or any local entity to increase the limit by a simple majority vote.

Fees versus taxes

West thinks a key provision in the initiative is one designed to end a local-government practice that came onto the scene following the passage of Proposition 13 — sharp increases in all fees. There are those who claim that some of these fees are really taxes that are used to pay for the cost of general government, over and above the amount necessary to provide the service for which the fee is collected. Under the Gann measure, any excess fees (above the amount necessary to pay for the service) would be counted as general revenue and thus subject to the limitation. The net effect of this provision should be to reduce or eliminate the use of fees for general government support.

There are all sorts of scenarios that can be written around the fee-versus-tax concept. West says the drafters were trying to get at what he calls the "Polson zoo" problem: "The city of Polson has a small zoo. Let's say they get a super attraction, like some panda bears. The revenues from the zoo then might be able to support the entire city." Would that be proper? On the other hand, would it be right to allow the zoo to have so much money in its special fund that it might be forced to build a Taj Mahal of zoological gardens? West says the same problem could arise out of income from marinas, cemeteries, electricity and a variety of other fee-for-service situations.

The initiative also attacks the delicate area of state-local relations. Under legislation enacted several years ago, the state is supposed to reimburse local government for the cost of any new programs or increased workload mandated upon cities, counties and special districts by the Legislature and the governor. The state has managed to step around this pledge on numerous occasions, despite the fact that the state Board of Control was given the authority to resolve disputes over this supposed guarantee. With this so-called SB 90 provision in the constitution via initiative, it will be possible for local governments to sue the state over the mandated cost issue and to win.

Two trouble spots

At this point, it appears that there is no stopping the initiative. It is being promoted by an organization called the "Spirit of 13" and headed by the senior Gann. Among the organizations supporting the measure are the National Federation of Independent Business, the Chamber of Commerce, the Realtors, Cal-Tax, the California Farm Bureau Association and the California Apartment Owners Association. But there are two potential trouble spots:

- *The Legislature* could enact its own spending-limit initiative or place one on the ballot. There would then be competing measures before the public. Dan Boatwright,

Jan 1979



chairman of the Assembly Ways and Means Committee, has come forward with a plan that some claim is a more stringent limitation proposal than the one contained in the Gann initiative. The Boatwright formula is based on California cost-of-living and population statistics — with a 10 percent lid.


• *Howard Jarvis*, lead sponsor of Proposition 13, has been bad-mouthing Gann's new initiative. Should he actually oppose the measure, voters by the droves might follow his lead — as they did in several contests on the November ballot.

The open warfare between Jarvis and Gann should not have been unexpected. Their Proposition 13 marriage was one strictly of convenience. Both of them had failed in prior attempts to cut taxes and decided that they might qualify a measure for the ballot by pooling their resources. But they never were friends. Gann is an efficient and quiet former real estate salesman. Jarvis is a bombastic talker and perennial candidate for office. A classic odd couple.

Jarvis unloaded on his former partner in a television interview. He declared that "Gann is trying to promote something to make money — for Gann." In response, Gann denied he was getting anything but expenses out of the "Spirit of 13" campaign and added: "Howard has a very difficult problem with the English language. It's hard for him to get above a two-letter word. He says 'I' and 'me' very well."

Taking a back seat

Within the Legislature this year, the concern about the spending-limit initiative — if indeed there is any concern — will take a back seat to the enormous problems of implementing the second year of Proposition 13. There are many questions to be resolved: How much surplus money does the state have available for local government? How much can the state budget be trimmed? Is Governor Brown's 10 percent cutback feasible for most departments? How will local government survive with reduced support from the state and no additional revenues from local taxes? How soon can local government be told what is available, and how it will be distributed? How much can the state afford to offer public employees in pay increases?

While the Legislature is concentrating on these questions, Paul Gann and company will quietly be rounding up signatures on some 600,000 petitions in circulation. Probably long before March 19th, Gann should announce that he is over the top. It will then be up to the state's politicians to decide whether to join or fight. The best guess is that the Gann measure will have little opposition, and the day will come when Ken Cory may have his vehicle to carry him to higher office. In this era, what better job is there than government-spending traffic cop? 



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GOVTAL AFFAIRS

PROPOSED INITIATIVE TO THE LEGISLATURE

JUL 14 1978

COORD. & POLICIES

Section 1 - Declares that it is the intent of this initiative to limit the growth rate of state government, assure adequate funding of essential services, protect funding of local government and provide for emergency situations.

Section 2 - Prescribes that state tax revenue growth cannot exceed the average growth rate of personal income over the three preceding calendar years.

Section 3 - Assures that estimated state tax revenue will not exceed the state tax revenue limit.

Section 4 - Provides that the legislature may by a two-thirds vote exceed the limit to meet an emergency.

Section 5 - Requires the state to (1) pay the costs of any program imposed on local government, (2) maintain the 1977-1979 proportion of support to local governments, and (3) provide for adjustment of the limit when costs of a program are transferred between the state and another political entity.

Section 6 - Requires that (1) payment of the principal and interest of the state indebtedness shall have priority over other appropriations, and (2) revenue collected in excess of the limit shall be included as revenue for the following year.

Section 7 - Definitions

Section 8 - Declares that if any provision of the act is held invalid the remainder of the act is not affected.

Section 9 - Establishes effective dates. The first fiscal year effected by the limit will be the fiscal year beginning July 1, 1980.

90001

~~UNOFFICIAL COPY - NOT FOR LEGISLATION~~

Filed with the Secretary of State

by

~~WASHINGTON TAX LIMITATION COMMITTEE~~

Ron Dunlap, Ellen Craswell, Co-chairmen

June 1, 1978

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

NEW SECTION. Section 1. The people of the State of Washington hereby find and declare:

(1) The continuing increases in our state tax burden and the corresponding growth of state government is contrary to the interest of the people of the State of Washington.

(2) It is necessary to limit the rate of growth of state government while assuring adequate funding of essential services, including basic education as defined by the legislature.

(3) It is therefore the intent of this act to:

(a) establish a limit which will assure that the growth rate of state tax revenue does not exceed the growth rate of state personal income;

(b) assure that local governments are provided funds adequate to render those services deemed essential by their citizens;

(c) assure that the state shall not impose, on any taxing district, responsibility for new programs or increased levels of service under existing programs unless the costs thereof shall be paid for by the state;

(d) provide for adjustment of the limit when costs of a program are transferred between the state and another political entity;

(e) establish a procedure for exceeding this limit in emergency situations.

NEW SECTION. Sec. 2. The state tax revenue limit for any fiscal year shall be the previous fiscal year's state tax revenue limit multiplied by the average state personal income ratio for the three calendar years immediately preceding the beginning of the fiscal year for which the limit is being computed.

~~NEW SECTION. Sec. 4. (1) The state tax revenue limit for any fiscal year may be exceeded in order to meet an emergency as declared by the legislature; Provided, that the legislature, by two-thirds vote of each house, shall set forth the circumstances constituting the emergency and the amount of state tax revenue in excess of the applicable state tax revenue limit necessary to meet the emergency.~~

may at any time adjust such taxes, fees and charges for the second fiscal year of the biennium.

NEW SECTION. Sec. 4. (1) The state tax revenue limit for any fiscal year may be exceeded in order to meet an emergency as declared by the legislature; Provided, that the legislature, by two-thirds vote of each house, shall set forth the circumstances constituting the emergency and the amount of state tax revenue in excess of the applicable state tax revenue limit necessary to meet the emergency.

(2) Any amount of state tax revenue authorized pursuant to subsection (1) in excess of the state tax revenue limit shall be authorized only for the fiscal year in which the vote is taken and/or the next succeeding fiscal year, as directed by the legislature.

(3) Except where the emergency results from a court order, the amount of state tax revenue authorized pursuant to subsection (1) in excess of the limit shall not be used in the revenue base used to compute the state tax revenue limit for subsequent years.

NEW SECTION. Sec. 5. (1) The legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any taxing district unless such districts are reimbursed for the costs thereof by the state.

(2) That proportion of state tax revenue which consists of direct state appropriations to taxing districts taken as a group shall not be decreased below that proportion appropriated in the biennium immediately preceding the effective date of this act; Provided, such proportion shall be decreased in any fiscal year only if: (i) the legislature decreases the state tax revenue limit for that fiscal year by an amount equal to the dollar amount of any decrease in direct state appropriations to taxing districts taken as a whole; or (ii) the state tax revenue limit has been increased pursuant to sections 4 (3) or 5 (3) of this act, and the decrease of such proportion shall be commensurate with the increase in the state tax revenue limit.

(3) If by order of any court, or legislative enactment the costs of a federal or taxing district program are transferred to or from the state, the otherwise applicable state tax revenue limit shall be increased or decreased, as the case may be, by the dollar amount of the costs of such program.

(4) The legislature, in consultation with the Office of Financial Management or its successor agency, shall determine the need for any taxing district or transferred to or from the state.

NEW SECTION. Sec. 6. The principal and interest of the indebtedness of the state. State tax revenue collected in any fiscal year in excess of the state tax revenue limit for that fiscal year shall be included as part of the state tax revenue for the succeeding fiscal year.

NEW SECTION. Sec. 7. As used in this act, the following terms shall have the meanings indicated unless otherwise required:

(1) "State tax revenue" means all state money received in the treasury from each and every source whatsoever except those revenues excluded for the term "general state revenues" by Article VIII, Section (1) (c) of the state Constitution other than the state property tax levied for the support of the common schools pursuant to RCW 84.52.065, as now or hereafter amended.

(2) "State personal income" means the dollar amount published as total personal income of persons of the state for that calendar year by the United States Department of Commerce or its successor agency.

(3) "State tax revenue limit" or "limit" means the state tax revenue limit created by this act.

(4) "Taxing district" means those districts included within the term "taxing district" as set forth in RCW 84.04.120, as now or hereafter amended.

(5) "State personal income ratio" for any calendar year means the quotient formed by (a) state personal income for the calendar year under consideration, divided by (b) the state personal income for the immediately preceding calendar year.

NEW SECTION. Sec. 8. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 9. This act shall take effect on January 1, 1980; Provided, that the first fiscal year for which the state tax revenue limit shall be in effect is the fiscal year beginning on July 1, 1980; and provided further, that for purposes of computing the state tax revenue limit for such first fiscal year in accordance with section 2 of this act, the phrase "...the previous fiscal year's state tax revenue limit..." set forth in section 2 of this act shall mean the state tax revenue collected in the fiscal year beginning July 1, 1978 multiplied by the average state personal income ratio for the calendar years 1976, 1977 and 1978.

COMPARISON OF ACTUAL REVENUE COLLECTIONS
AND THOSE PERMITTED UNDER A LIMITATION
(AMOUNTS IN THOUSANDS)

Fiscal Year	General State Revenues (a)	Estimated School Property Tax Collections (b)	Total	Increase		Limited Revenues (c)	Increase	
				Amount	Percent		Amount	Percent
1969-70	\$ 765,209.6	\$109,534.2	\$ 872,734.8			\$ 872,734.8		
1970-71	885,972.3	118,652.6	1,004,624.9	\$131,890.1	15.1%	954,597.3	\$31,662.5	9.4%
1971-72	871,731.0	128,374.9	1,000,605.9	- 4,019.0	- 0.4	1,029,724.1	75,126.8	7.9
1972-73	1,021,563.4	137,192.6	1,158,756.0	158,150.1	15.8	1,090,560.8	60,666.7	5.9
1973-74	1,094,334.2	148,915.7	1,243,219.9	84,463.9	7.3	1,156,015.6	65,434.8	6.0
1974-75	1,227,533.6	164,293.3	1,391,826.9	148,607.0	12.0	1,255,895.3	99,579.7	8.5
1975-76	1,379,026.0	182,386.1	1,561,412.1	169,585.2	12.2	1,398,062.6	142,167.3	11.3
1976-77	1,600,461.9	201,955.6	1,802,437.5	241,025.4	15.4	1,577,653.4	179,790.8	12.9
Total.....			\$10,035,819.0			\$9,335,463.9		
Seven year increase				\$929,702.7			\$705,112.6	
Potential savings if limit had been in effect since 1969-70							\$224,594.1	
Accumulative effect (1969-70 through 1976-77)							\$700,154.1	

(a) Reported by the Office of the State Treasurer.

(b) Includes regular levy collected locally between 1969 and 1974; it is assumed the spring-fall collection ratio is 55 - 45 percent. Basic estimates computed by Dr. Edwin G. Olson, Consultant to the Department of Revenue.

(c) Collections permitted under limitation assuming it had been in effect since 1969-70.

Knechtik

GOVTAL AFFAIRS

JUL 14 1978

COORD. & POLICIES

1 AN ACT Relating to state government; adding a new chapter to Title 39 CR77B
2 RCW; and providing an effective date. F

3 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON: I

4 NEW SECTION. Section 1. The people of the state of -130:
5 Washington declare it to be in the best interests of the state and of 1
6 its citizens to effect financial integrity and fiscal responsibility, PARTA
7 through orderly limitations on state taxing and spending powers, by :2
8 requiring that all budgets of every unit of state government be 11
9 balanced for the ordinary fiscal period of the state. 12

10 NEW SECTION. Sec. 2. (1) The maximum rate of growth of 13
11 state tax revenues to be allowed to the legislature to fund its 1979- 14
12 1981 and all future budgets shall not exceed the estimated rate of 15
13 growth of state personal income from July 1, 1978, measured 16
14 cumulatively from both rates' baselines established in section 3 of 16
15 this act, up to and including the last day of the upcoming biennium. 17

16 (2) The department of revenue shall establish this estimated 19
17 rate of growth (and the maximum dollar amount resultant), on the 19
18 basis of moderate revenue and economic assumptions, by January 31 of 20
19 each odd-numbered year: PROVIDED, That the legislature may, during 21
20 its regular session, establish a different estimated rate of growth 21
21 (and maximum dollar amount resultant) for the upcoming biennium, also .22
22 using moderate revenue and economic assumptions, by an act containing 23
23 no other subject matter and setting forth the basis of the 24
24 legislature's determination (which determination shall not differ 25
25 from that used by the legislature to establish its upcoming biennial 26
26 operating budget): PROVIDED FURTHER, That the legislature may, by 27
27 April 30 of any even-numbered year in which the legislature has 28
28 convened by April 1, pursuant to the same requirements, establish a 28
29 different rate of growth (and maximum dollar amount resultant) for 29
30 the second fiscal year of the then current biennium (which 30

1 determination shall not differ from that used by the legislature to 31
2 establish a supplemental budget or to make reductions in its then 31
3 current biennial budget). 32

4 NEW SECTION. Sec. 3. (1) The annual state tax revenues 33
5 collected by the state during the 1973-1975 and 1975-1977 biennia and 34
6 the first year of the 1977-1979 biennium, adjusted for inflation to 35
7 June 30, 1978, using the United States' consumer price index and 36
8 averaged by the department of revenue, shall establish a dollar 36
9 amount which shall constitute the tax baseline from which the maximum 37
10 rate of growth of state tax revenues allowed under this chapter shall 38
11 be calculated. 39

12 (2) The actual level of state personal income for the twelve 40
13 months ending June 30, 1978, as determined by the department of 40
14 revenue, shall establish a dollar amount which shall constitute the 41
15 personal-income baseline from which the estimated rate of growth of 42
16 state personal income shall be calculated under this chapter. 43

17 NEW SECTION. Sec. 4. (1) The legislature may exceed the 44
18 limit established in section 2 of this act for a period of not more 45
19 than two years, by a two-thirds vote of both houses, by an act 46
20 containing no other subject matter and setting forth the dollar 47
21 amount and the percentage rate by which the state tax revenue growth 47
22 limit may be exceeded. 48

23 (2) The legislature may not exceed the limit established in 49
24 section 2 of this act for a period of more than two years, either 49
25 directly or indirectly, unless, in addition to the requirements of 50
26 subsection (1) of this section, the legislature submits the act to 51
27 the voters of the state, for their approval or disapproval, at a 52
28 special or general election, and the voters approve the act by a 53
29 majority of the votes cast thereon. 53

30 NEW SECTION. Sec. 5. If the state tax revenues are collected 54
31 in excess of the maximum authorized in this chapter, then the excess 55
32 revenues shall be appropriated solely to fund the unfunded liability 56
33 of those pension systems supported by the state which accumulated 57
34 before the effective date of this act: PROVIDED, That the state may 58
35 maintain a reserve fund within the general fund which shall not, as 59
36 of the day after the last day of the state's ordinary biennial fiscal 60

1 period, be greater than two percent of the state's total budget for 60
2 the preceding ordinary fiscal period: PROVIDED FURTHER, That the 61
3 state treasurer shall promptly place into the state tax revenue 62
4 account, which is hereby established within the general fund, all 63
5 moneys in excess of the reserve-fund limit imposed in this section to 63
6 be held until appropriated in accordance with this section by the 64
7 legislature. 65

8 NEW SECTION. Sec. 6. The state shall not impose on local 66
9 units of government responsibility for new programs, or increased 67
10 levels of service under existing programs, either directly or 68
11 indirectly, unless the costs thereof are paid by the state. 69

12 REV. SECTION. Sec. 7. If the responsibility for funding one 70
13 or more programs, in part or whole, is transferred from a political 71
14 subdivision of the state to the state, either by court order or by 72
15 legislative enactment, including but not limited to full funding of 73
16 basic education, the department of revenue shall promptly provide for 73
17 commensurate adjustments in the limit imposed in this chapter. 74

18 REV. SECTION. Sec. 8. Nothing in this chapter requires the 75
19 state to collect, during any fiscal year or biennial period, the full 76
20 amount of state tax revenues permitted under section 2 of this act 77
21 unless the collection is necessary to attain a balanced state budget 77
22 for the ordinary fiscal period of the state. 78

23 REV. SECTION. Sec. 9. Before any other appropriation, the 80
24 legislature shall provide for the payment of the principal and 81
25 interest of the indebtedness of the state. 82

26 REV. SECTION. Sec. 10. As used in this chapter, "state tax 83
27 revenues" has the meaning ascribed to "general state revenues" under 84
28 Article VIII, section 1(c) of the state Constitution. 85

29 REV. SECTION. Sec. 11. At the general election to be held in 86
30 November, 1990, the voters of the state shall be offered on the 87
31 ballot the opportunity to continue, or to repeal, this chapter and 88
32 any subsequent amendments. 89

33 REV. SECTION. Sec. 12. The people of the state of Washington 90
34 find that sections 1 through 12 of this act constitute a single 91
35 integrated plan for maintaining balanced state budgets through 92
36 orderly limitations on state taxing and spending powers, and, in the 93

1 event that any provision of sections 1 through 12 of this act, or its 93
2 application to any person or circumstance, is held invalid by the 94
3 final operation of law or by the supreme court of the state of 95
4 Washington, then the entire remainder of this act shall be null and 96
5 void simultaneous with the establishment of such invalidity. 97

6 NEW SECTION. Sec. 13. Sections 1 through 12 of this act 98
7 shall constitute a new chapter in Title 39 RCW. 99

8 NEW SECTION. Sec. 14. Sections 1 through 12 of this act 100
9 shall take effect January 1, 1979. 101

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1979

SUBJECT: Graphic Presentation of Proposed Tax-Limiting Amendment
to Constitution (W.O. # 6642)

TO: The Honorable Ray Metcalfe

FROM: Alexander Hoke, Policy Analyst

O. Alexander Hoke

Enclosed are graphs depicting the impact and flexibility of the tax limiting formula proposed in the constitutional amendment provided for in your House Joint Resolution. As you requested, the enclosed graphs present a comparison of forecasts of tax revenue under present law to the limited tax revenue projections determined by the influence of provisions in your joint resolution. Moreover, these graphs show hypothetical cases in which the self-perpetuating limitation is intentionally altered to meet the desires of voters in the state or its political subdivisions according to procedures provided for in your resolution.

Graphs 1, 2 and 3 show hypothetical examples of how the tax revenue ceiling may be increased or decreased in accordance with the provisions of the proposed constitutional amendment. In each graph, the blue curve is a projection of total state tax revenue based on data published by the Institute of Social and Economic Research within the University of Alaska in the January 1976 Review of Business and Economic Conditions. The green curves in the three graphs show how the proposed tax-limiting formula affects projected tax revenue on the basis of forecast changes in population and the consumer price index (this data is also published in the ISER article). The proposed constitutional amendment operates in three phases as marked on the graphs. Phase 1 continues for one year beyond the effective date for the proposed constitutional amendment, Phase 2 covers the next six successive years, and Phase 3 extends indefinitely beyond the end of Phase 2.

According to the amendment, computations of the tax ceiling start from the previous year's tax ceiling except in the case of Phase 1 where the 1978 value of total tax revenue is the base from which calculations are made. For each fiscal year, the tax revenue ceiling is equal to the previous year's ceiling adjusted by a combined multiplier. The combined multiplier is a product of the population multiplier and the relative price index (RPI) multiplier. Both the population multiplier and RPI multiplier can be computed by taking the percentage change from the

previous year to the present year for each parameter, and adding that value to 1.0.

Graph 4 shows that the product of the population multiplier and the RPI multiplier (which equals the combined multiplier) is forecast to run slightly above 1.0 through 1990 - this projection is represented by the green curve on Graph 4. The red curve on Graph 4 shows the cumulative effect of the combined multiplier over this period of time.

Graph 5 is a relative comparison of the forecast increases in population and the relative price index compared to the projection for total tax revenue. Although the population projection (in blue) and the relative price index projection (in green) are relatively flat curves, the percentage change from one year to the next is more emphatically demonstrated in Graph 5 where the value for a given year along the population curve (in green) or the relative price index curve (in red) indicates the percentage change over the previous year's value.

Returning to Graphs 1, 2, and 3, one can see that, beginning with a 1979 effective date, the proposed constitutional amendment would result in tax ceilings represented by the green curve. The 1980 ceiling is equivalent to the 1978 ceiling multiplied by the cumulative multiplier computed between 1978 and 1980. Tax ceilings within Phase 2 are equal to the previous fiscal year's tax ceiling multiplied by the population multiplier and the RPI multiplier (computed in the following way: one-half the percentage change from the previous fiscal year value for RPI to the present fiscal year value for RPI is added to 1.0). In Phase 3, tax ceilings for a given fiscal year are computed as the product of the previous year's tax ceiling times the population/RPI combined multiplier calculated from the previous year to the present year.

Paragraphs (e), (f), and (g) under sec. 16 of the proposed constitutional amendment provide that, by means of the referendum or the initiative, voters of the state or a political subdivision can elect to alter the base upon which the current fiscal year's tax ceiling is computed. The red curves on Graphs 1, 2, and 3 represent such changes in the tax ceiling, and show the effect of these changes relative to the unaltered limited tax projection (in green).

Ambiguities in the Amendment Language

The above analysis and the enclosed graphs represent our interpretation of the intent of the proposed constitutional amendment. Some language within the resolution is subject to quite different interpretations than those described in our analysis. Listed below are brief explanations of these ambiguities:

1. Sec. 16, paragraph (b) states that the tax revenue ceiling for the fiscal year following the effective date of this section

shall be equal to the amount collected for fiscal 1978 "plus a change to reflect both" percentage changes in population and the cost of living index. The key concern here is the word "reflect". Although we have interpreted this language in the manner described earlier in this memorandum, it should be noted that almost any mathematical function of population and cost of living would, in some manner, "reflect" a change in these two parameters.

2. Sec. 16, paragraph (c)(2) of the proposed amendment contains the language "between the two fiscal years". It is unclear precisely which two fiscal years are intended for the computation since paragraph (c) speaks of the "next six fiscal years", of which only two are of concern in a single tax ceiling calculation.

3. Sec. 16, paragraph (d)(2), referring to the cost of living index, uses the language: "as that index is defined by law". Of course the cost of living index is not presently defined by law and would therefore require further legislation.

4. Sec. 16, paragraph (e) of the proposed amendment states that "the proposition submitted to the voters shall specify the estimated per capita costs of the proposed increase or decrease". It is unclear as to exactly what per capita costs would be incurred in a voter approved alteration of the tax ceiling. Moreover, it would seem that a lowering of the tax ceiling would result in a per capita savings rather than a per capita cost.

5. Sec. 16, paragraph (h) prescribes the manner in which the state or a political subdivision shall deal with revenue collected in excess of the computed tax ceiling. When the excess revenue exceeds the ceiling by six percent or less, this paragraph requires that "the tax collection limitations established in this section for the next fiscal year shall be decreased by the amount of the excess collections". A decrease in the tax collection limitation can be interpreted literally to mean that the tax ceiling would be raised, which we assume is the opposite of the intent of this language. Furthermore, if the tax ceiling is lowered for the next fiscal year to account for excess tax collections for the present year, subsequent tax ceiling computations under paragraphs (c) and (d) of this section would be based on this lowered ceiling for subsequent fiscal years. In other words, for every fiscal year in which tax collections exceed the computed tax ceiling by six percent or less, the tax ceiling in the following year would be lowered by the amount in excess. This lowered tax ceiling would be perpetuated indefinitely through the application of provisions in paragraphs (c) and (d).

We trust that our interpretation of the intent of this proposed constitutional amendment is accurate. Please call on us if you wish to discuss in further detail the noted ambiguities.

Tap Prop File

STATE OF ALASKA
THE LEGISLATURE

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811
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LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 20, 1979

SUBJECT: Constitutional amendment limiting tax collection
(Work Order No. 6642)

TO: Representative Ray McCalfe

FROM: John B. Chenoweth, Legislative Counsel

I have had an opportunity to review briefly Alexander Hoke's comments under "ambiguities in language" commencing at the bottom of page 2 of his March 8 memorandum to you, in response to which I would suggest:

(1) The population/cost-of-living index multiplier appears to have been applied in manner consistent with what I understand to have been your intent. We can, of course, be quite specific as to how that multiplier is to be computed and applied, but specificity, as you know, secures certainty of application at the expense of public comprehension. You have previously given fairly explicit instructions on this point;

(2) The reference to "between the two fiscal years" describes the change between succeeding fiscal years which is, in turn, the measure of the time frame in which the allowable alteration of tax levy is to be computed. The reference to "six fiscal years" denotes the number of years in which only one-half of the cost-of-living index may be considered in computation of the applicable multiplier. There should be no other relationship between these factors, and I see little reason to be confused on the point;

(3) Because the manner of computing a cost-of-living index and applying it may vary across a period of years (different components being made a part of the formula), the legislature should have authority to define and maintain an applicable indicator;