

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

10996 HOUSE RULES

| Chapter | Section | Paragraph | Changes | |
|---------|---------|-----------|---|---|
| 23 | 230 | | None | |
| | 231 | | None | |
| | 232 | 1 | | None |
| | | 2 | | None |
| | | 3 | | None |
| | | 4 | | None |
| | | 5 | | None |
| | | 6 | | After "presiding officer" added "in most states" |
| | 233 | | None | |
| | 234 | | None | |
| 235 | | None | | |
| 24 | 240 | | None | |
| | 241 | 1 | | None |
| | | 2 | | Deleted first sentence. |
| | | 3 | | Rewrote language to clarify when a point of order can be raised upon another. |
| | | 4 | | None |
| | | 5 | | None |
| | | 6 | | None |
| | 242 | | None | |
| | 243 | | None | |
| | 244 | | None | |
| | 245 | | None | |
| 246 | | None | | |
| 25 | 250 | | None | |
| | 251 | | None | |
| | 252 | | None | |
| | 253 | | None | |
| | 254 | | None | |
| | 26 | 257 | | None |
| 258 | | | None | |
| 259 | | | None | |
| 260 | | 1 | | None |
| | | 2 | | Deleted last sentence about special rule vote requirements |
| | | 3 | | None |
| | | 4 | | Changed page reference in footnote |
| 261 | | | None | |
| 262 | | | Clarified language of second sentence | |
| 263 | | 1 | | None |
| | 2 | | Added Sec. 270, para. 1 as the opening sentences to this paragraph. Also included Sec. 270, para. 1 footnote reference here | |
| | 3 | | None | |
| | 4 | | None | |
| | 5 | | None | |

| Chapter | Section | Paragraph | Changes | |
|-----------|---------|-----------|---|--|
| 26 (cont) | 264 | | None | |
| | 265 | 1 | None | |
| | | 2 | None | |
| | | 3 | Deleted | |
| | 266 | 1 | Deleted last phrase about earlier hour | |
| | | 2 | Incorporated main thought of second sentence into the first | |
| | | 3 | In first sentence, broadened reference from extensions to changes. Ended second sentence after "debatable" | |
| | 267 | 1 | None | |
| | | 2 | Deleted | |
| | | 3 | Renumbered as new paragraph 2 | |
| | 268 | | Deleted | |
| | 269 | | Renumbered as new Sec. 268 | |
| | | 1 | Deleted references to program; made some other minor grammatical changes | |
| | | 2 | Changed reference from program to special calendar | |
| | 270 | 1 | Moved to become the opening sentences of Sec. 263, paragraph 2 | |
| | | 2 | Deleted | |
| | | 3 | Deleted | |
| | 271 | | Renumbered as new Sec. 269 | |
| | 27 | 272 | | Minor grammatical change |
| | | 273 | | None |
| | | 274 | | None |
| | | 275 | 1 | Changed language about who may make motion |
| | | | 2 | None |
| 276 | | | None | |
| 28 | 279 | | None | |
| | 280 | | None | |
| | 281 | | None | |
| | 282 | | None | |
| | 283 | | None | |
| | 284 | | None | |
| | 285 | 1 | None | |
| | | 2 | Changed reference from specific two-thirds to general "extraordinary" vote | |
| | | 3 | Changed reference from "rules" to "procedures" in constitutions and removed language about controlling statutes | |
| | | 4 | Changed reference from specific two-thirds to general "extraordinary" vote | |
| 5 | | Deleted | | |
| 286 | | None | | |

| Chapter | Section | Paragraph | Changes |
|---------|--------------------------|--|--|
| 29 | 293 | | None |
| | 294 | | None |
| | 295 | | None |
| | 296 | | None |
| | 297 | | None |
| | 298 | | None |
| | 299 | | None |
| | 300 | 1 | Removed language about the session from first sentence |
| | 2 | None | |
| | 3 | None | |
| 30 | 302 | | None |
| | 303 | | None |
| | 304 | | None |
| 31 | 306 | | None |
| | 307 | | None |
| | 308 | | None |
| 32 | 310 | | None |
| | 311 | | None |
| | 312 | | None |
| | 313 | | None |
| | 314 | | None |
| | 315 | | None |
| | 316 | 1 | None |
| | 2 | None | |
| | 3 | Deleted last clause referring to previous question | |
| | 4 | None | |
| | 5 | None | |
| 33 | 330 | | None |
| | 331 | | None |
| | 332 | | Removed clause relating to the previous question |
| | 333 | | None |
| | 334 | | None |
| | 335 | 1 | Moved last sentence to beginning of paragraph |
| | | 2 | None |
| | | 3 | None |
| | 336 | | None |
| | 337 | | None |
| | 338 | 1 | None |
| | | 2 | Added sentence about what happens to a pending amendment when the main motion is taken from the table. Changed language of second sentence to state that a motion to amend can be tabled without carrying the main motion with it. Deleted last sentence |
| | | 3 | Deleted |
| 4 | | Renumbered as new Para 3 | |
| 5 | | Renumbered as new Para 4 | |
| 6 | | Renumbered as new Para 5 | |
| 7 | | Renumbered as new Para 6 | |
| II | Renumbered as new Para 7 | | |

| Chapter | Section | Paragraph | Changes | |
|-----------|---------|-----------|--|--|
| 33 (cont) | 339 | | None | |
| | 340 | | None | |
| | 341 | | None | |
| | 342 | | None | |
| 34 | 345 | 1 | Deleted last sentence | |
| | | 2 | None | |
| | | 3 | Clarified language by inserting references to "main" motions and "a matter other than main motion" | |
| | | 4 | Reversed order of Paras 4 and 5; becomes new Para 5 | |
| | | 5 | Reversed order of Paras 4 and 5; becomes new Para 4 | |
| | | 6 | None | |
| | 346 | | None | |
| | 347 | | None | |
| | 348 | | None | |
| | 349 | 1 | | In fourth sentence, removed clause referring to amendments to motions for previous question. Minor grammatical change in last sentence |
| | | | 2 | None |
| | 350 | | None | |
| | 351 | 1 | | Added language about main motion to first sentence. |
| | | | 2 | None |
| | | | 3 | None |
| 352 | | None | | |
| 35 | 355 | | None | |
| | 356 | 1 | None | |
| | | 2 | Added reference to "confining" debate in last sentence | |
| | | 3 | None | |
| | | 4 | Deleted | |
| | | 5 | Renumbered as new Para 4 | |
| | | 6 | Renumbered as new Para 5 | |
| | 357 | | None | |
| | 358 | 1 | | None |
| | | | 2 | Deleted last sentence |
| | | | 3 | None |
| | | | 4 | None |
| | | | 5 | None |
| | 359 | | None | |
| | 360 | | None | |
| 361 | | None | | |
| 36 | 365 | | None | |
| | 366 | | None | |
| | 367 | | None | |
| | 368 | | None | |
| | 369 | | None | |
| | 370 | | None | |
| | 371 | | None | |
| | 372 | | None | |
| 373 | | None | | |
| 374 | | None | | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|---|--|
| 37 | 378 | 1 | Changed wording of clause (c) |
| | | 2 | None |
| | 379 | | None |
| | 380 | | None |
| | 38i | | None |
| | 382 | | None |
| | 383 | | None |
| | 384 | | None |
| | 385 | | None |
| | 386 | | None |
| | 387 | | Deleted entire section |
| | 388 | | Renumbered as new section 387; no other changes |
| | 389 | | Renumbered as new section 388; no other changes |
| | 390 | | Renumbered as new section 389 |
| | | 1 | Deleted clause referring to renewal of a motion to refer a bill to committee |
| | | 2 | None |
| | 391 | | Renumbered as new section 390; no other changes |
| 38 | 395 | | None |
| | 396 | | None |
| | 397 | | None |
| | 398 | | None |
| | 399 | | None |
| | 400 | | None |
| | 401 | | None |
| | 402 | 1 | None |
| | | 2 | Second reference to "question" changed to "amendment" |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | 403 | 1 | None |
| | | 2 | Minor grammatical change |
| | | 3 | Changed wording to clarify that the body has control of amendments after formal introduction |
| | | 4 | None |
| | 404 | | None |
| | 405 | | Changed title to more clearly reflect content of section |
| | 406 | | Deleted entire section |
| | 407 | | Renumbered section as new section 406; deleted second sentence |
| 408 | | Renumbered section as new section 407; no other changes | |
| 409 | | Renumbered section as new section 408; no other changes | |
| 410 | | Renumbered section as new section 409; no other changes | |
| 411 | | Renumbered section as new section 410; no other changes | |
| 412 | | Renumbered section as new section 411; no other changes | |
| 413 | | Renumbered section as new section 412; no other changes | |
| 414 | | Renumbered section as new section 413; no other changes | |
| 415 | | Renumbered section as new section 414; no other changes | |

| Chapter | Section | Paragraph | Changes |
|-----------|-------------------------------|-----------|---|
| 38 (cont) | 416 | | Renumbered section as new section 415; no other changes |
| | 417 | | Renumbered section as new section 416; no other changes |
| | 418 | | Renumbered section as new section 417; no other changes |
| | 419 | | Renumbered section as new section 418; no other changes |
| | 420 | | Renumbered section as new section 419; no other changes |
| | 421 | | Renumbered section as new section 420; no other changes |
| 39 | 430 | | None |
| | 431 | | None |
| | 432 | | None |
| | 433 | | None |
| | 434 | | None |
| | 435 | | None |
| 40 | 436 | | None |
| | 440 | | None |
| | 441 | | None |
| | 442 | | None |
| | 443 | | None |
| | 444 | | None |
| 41 | 450 | 1 | None |
| | | 2 | None |
| | | 3 | Deleted local case cite in footnote |
| | | 4 | None |
| | | 5 | Minor grammatical change |
| | 451 | | None |
| | 452 | 1 | Deleted last sentence |
| | | 2 | None |
| | | 3 | None |
| | 453 | | Added a "See also" reference |
| | | 1 | None |
| | | 2 | None |
| | | 3 | Minor grammatical change |
| | | 4 | None |
| | | 5 | Deleted entire paragraph |
| | | 6 | Renumbered as new paragraph 5 |
| | | 7 | Renumbered as new paragraph 6 |
| | | 8 | Renumbered as new paragraph 7 |
| | | 9 | Renumbered as new paragraph 8 |
| 10 | Renumbered as new paragraph 9 | | |
| 454 | | None | |
| 455 | | None | |
| 456 | | None | |
| 457 | | None | |
| 458 | | None | |
| 459 | | None | |

| Chapter | Section | Paragraph | Changes | |
|-----------|---------|-----------|--|------------------|
| 41 (cont) | 460 | 1 | None | |
| | | 2 | None | |
| | | 3 | None | |
| | | new | Added new paragraph 4 concerning disposition of motion for reconsideration | |
| | 461 | | None | |
| | 462 | | None | |
| | 463 | 1 | None | |
| | | 2 | None | |
| | | 3 | Minor grammatical change | |
| | 464 | | None | |
| | 465 | | None | |
| | 466 | | None | |
| | 467 | 1 | Deleted first cite in footnote, which was a local case | |
| | | 2 | Deleted | |
| | | 3 | Deleted | |
| | | 4 | Renumbered as new paragraph 2 | |
| | | 5 | Renumbered as new paragraph 3 | |
| | | 6 | Renumbered as new paragraph 4 | |
| | | 7 | Renumbered as new paragraph 5 | |
| | 468 | | Added a "See also" reference | |
| | | 1 | None | |
| | | 2 | Deleted; moved to become new paragraph 3 in Sec. 751 | |
| | | 3 | Renumbered as new paragraph 2. Also minor grammatical change | |
| | 469 | 1 | None | |
| | | 2 | None | |
| | | 3 | None | |
| | | 4 | None | |
| | | 5 | None | |
| | | 6 | Changed wording from "usual practice" to "practice in some states" | |
| | 470 | | Minor grammatical change | |
| | 471 | 1 | Deleted last sentence | |
| | | 2 | None | |
| | | 3 | None | |
| | 472 | i | Removed paragraph numbering | |
| | | 2 | Deleted | |
| | 473 | | None | |
| | 474 | | Deleted entire section | |
| | 42 | 480 | | None |
| | | 481 | | None |
| | | 482 | 1 | None |
| | | | 2 | None |
| | | | 3 | None |
| | | | 4 | Deleted footnote |
| | | 5 | None | |
| | 483 | | None | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|-----------|--|
| 43 | 488 | | None |
| | 489 | | None |
| | 490 | 1 | None |
| | | 2 | None |
| | | 3 | Removed reference to "file" in clause c |
| | | 4 | None |
| | 491 | | None |
| | 492 | | None |
| | 493 | | None |
| | 494 | | Removed reference to "file" in title |
| 495 | | None | |
| 44 | 500 | | None |
| | 501 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Deleted paragraph; moved footnote to "But see also" reference in Sec. 501, Para 1 |
| | 502 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | Deleted school board case cite in footnote |
| | 503 | | None |
| | 504 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Deleted reference to governmental bodies from second sentence |
| | | 5 | None |
| | | 6 | None |
| | | 7 | None |
| | 505 | | None |
| 506 | | None | |
| 45 | 510 | 1 | Minor grammatical change. Corrected footnote error in electronic version--inserted missing text of para 1 footnote and added paragraph spacing to separate para 2 from para 1 footnote |
| | | 2 | None |
| | | 3 | Deleted |
| | | 4 | Renumbered as new para 3. Changed reference from "regulation" to "rule or constitutional provision" |
| | | 5 | Renumbered as new para 4 |
| | 511 | 1 | Minor grammatical change |
| | | 2 | None |
| | | 3 | None |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|--|--|
| 45 (cont) | 512 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | None |
| | | 8 | Minor grammatical change |
| | | 9 | None |
| | | 10 | None |
| | 513 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Changed reference from "organization" to "body" |
| | | 5 | None |
| | 514 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| 6 | | Minor grammatical change | |
| 515 | | None | |
| 516 | | None | |
| 517 | | None | |
| 518 | 1 | Changed reference from "do any act" to "take final action" | |
| | 2 | None | |
| | 3 | None | |
| 46 | 520 | | None |
| | 521 | 1 | None |
| | | 2 | Minor grammatical change |
| | | 3 | None |
| | 522 | | Changed wording of title slightly |
| | | 1 | Minor grammatical change in first sentence. Removed reference to charges against a group from last sentence. Added Melland footnote cite from old Para 6 of Sec. 561. Added Robert's and Cushing's cites mentioned in the 1/14/85 journal of the Oregon House. |
| | | 2 | Deleted |
| | | 3 | Deleted |
| | | 4 | Deleted |
| | | 5 | Renumbered as new paragraph 2 |
| | 523 | 1 | None |
| | | 2 | Deleted second sentence; minor grammatical change to last sentence |
| | | 3 | Deleted |
| | | 4 | Renumbered as new paragraph 3 |
| | | 5 | Renumbered as new paragraph 4 |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|--|--|
| 46 (cont) | 524 | | None |
| | 525 | | None |
| | 526 | | None |
| | 527 | | None |
| | 528 | | None |
| 47 | 530 | | None |
| | 531 | 1 | None |
| | | 2 | Removed reference to amending in to last sentence |
| | | 3 | In first sentence, removed phrase about vote being taken first |
| | | 4 | None |
| | 532 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | Rewritten to clarify meaning |
| | | 6 | None |
| | | 7 | None |
| | | 8 | None |
| | 533 | 1 | Changed first sentence to clarify; deleted second sentence |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Deleted phrase about obviously incorrect announcement |
| | 534 | | None |
| | 535 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | None |
| | | 8 | None |
| | | 9 | None |
| | | 10 | Changed references from "minutes" to "journal of the body" |
| | 536 | 1 | None |
| | | 2 | None |
| | | 3 | Deleted second sentence |
| | 537 | 1 | None |
| 2 | | Deleted last sentence | |
| 3 | | None | |
| 4 | | None | |
| 5 | | None | |
| 6 | | None | |
| 538 | | Minor grammatical change to second sentence; deleted last sentence | |

| Chapter | Section | Paragraph | Changes |
|---------|---------------------------|---------------------------|--|
| 48 | 545 | | None |
| | 546 | | None |
| | 547 | | None |
| | 548 | | None |
| | 549 | | None |
| | 550 | | None |
| 49 | 552 | 1 | None |
| | | 2 | None |
| | | 3 | Deleted reference to legislative bodies; other minor grammatical changes |
| | | 4 | Deleted portion of para referring to election of more than one person |
| | | 5 | None |
| | | 6 | Deleted reference to "by law" |
| | 553 | 1 | None |
| | | 2 | Added language "absent specific controlling provision" |
| | | 3 | None |
| | 554 | | None |
| | 555 | | None |
| | 556 | | None |
| 50 | | | Changed title of Part IV by removing reference to "administrative" |
| | | | Changed title of Chapter 50 to incorporate discipline and expulsion of members |
| | | | Due to its importance, added "See also" reference to Powell case after chapter title |
| | 560 | 1 | None |
| | | 2 | None |
| | | new | Inserted new para 3 specifying that a body may not impose or establish a qualification for office not specified in the constitution. |
| | | 3 | Renumbered as new para 4; added language setting out circumstances under which courts may review legislative action; added footnote cite. |
| | | 4 | Renumbered as new para 5. Deleted existing language, but added language allowing legislature to look at statutory qualifications enacted pursuant to constitutional authority. Deleted first footnote cite (local case) and added several other cites. |
| | | 5 | Renumbered as new para 6. Deleted Watson cite in footnote (local case). |
| | | new | Created new para.7 by inserting language from old para 5 of Sec. 563. |
| | | 6 | Renumbered as new para 8. |
| | | 7 | Renumbered as new para 9. |
| | | 8 | Renumbered as new para 10. |
| | 9 | Renumbered as new para 11 | |
| 10 | Renumbered as new para 12 | | |

| Chapter | Section | Paragraph | Changes |
|-----------|------------|-----------|---|
| 50 (cont) | 560 (cont) | new | Inserted new para 13 |
| | | 11 | Moved some language to Sec. 562, new para 10. Deleted remainder of paragraph. |
| | | 12 | Deleted paragraph. |
| | 561 | 1 | None |
| | | New | Inserted new paragraph |
| | | 2 | Renumbered as new para 3 |
| | | 3 | Added "See also" reference to Sec. 190; renumbered as new para 4 |
| | | 4 | Added "See also" reference to Secs. 190 and 191; renumbered as new para 5 |
| | | 5 | Renumbered as new para 6 |
| | | 6 | Deleted paragraph. Moved footnote cite to Sec. 522, para 1. |
| | 562 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | new | Added new para 4 |
| | | 4 | Renumbered as new para 5 |
| | | new | Added new para 6 |
| | | 5 | Renumbered as new para 7; grammatical change in first sentence |
| | | 6 | Renumbered as new para 8 |
| | | 7 | Renumbered as new para 9 |
| | | 8 | Renumbered as new para 10. Added language from Sec. 560, para 11. Added Rhode Island cite from Sec. 560, para 11. |
| | 563 | | Changed section title by deleted "No" and adding "Limited" |
| | | 1 | None |
| | | 2 | None |
| | | 3 | Deleted last sentence |
| | | 4 | None |
| | | 5 | Deleted here; moved to Sec. 560 as new para 7 |
| | 564 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Added case cite to footnote |
| 51 | 568 | | None |
| | 569 | | None |
| | 570 | | None |

| Chapter | Section | Paragraph | Changes | |
|---------|---------|--|---|---|
| 52 | 575 | | None | |
| | 576 | | None | |
| | 577 | | None | |
| | 578 | | None | |
| | 579 | | None | |
| | 580 | | None | |
| | 581 | 1 | | None |
| | | 2 | | Changed reference from "organization" to "body" |
| 582 | | None | | |
| 53 | 584 | 1 | None | |
| | | 2 | None | |
| | | 3 | None | |
| | | 4 | None | |
| | | 5 | None | |
| | | 6 | None | |
| | | 7 | None | |
| | | 8 | None | |
| | | 9 | None | |
| | | 10 | None | |
| | | 11 | None | |
| | | 12 | None | |
| | | 13 | Minor grammatical changes | |
| | | 14 | Added references to members in first and third sentence | |
| | | 15 | Deleted second sentence. Changed reference to "under the direction" to "with" in third sentence | |
| | | 16 | None | |
| | 585 | | None | |
| 586 | | None | | |
| 587 | | None | | |
| 54 | | | Changed title of chapter by inserting "Creation and" before "Selection" | |
| | 600 | | Changed title of section by inserting "Creating and" before "Selecting" | |
| | | new | | Inserted new Para 1; moved amended Para 4 to end of new para |
| | | 1 | | Renumbered as new Para 2 |
| | | 2 | | Renumbered as new Para 3; other amendments |
| | | 3 | | Deleted |
| | | 4 | | Amended and moved to the end of new Para 1 |
| | | 5 | | Deleted |
| | | 6 | | Renumbered as new Para 4; inserted "special" before "committees" in first line |
| | | New | | Inserted new Para 5; language moved from Sec. 602, para 2; minor grammatical change |
| | | 7 | | Renumbered as new Para 6; inserted "special" before "committee" in first line |
| 8 | | Deleted here; language moved to new Sec. 602 | | |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|--|--|
| 54 (cont) | 601 | | Entire section deleted |
| | 602 | | Renumbered as new Sec. 601 |
| | | 1 | Deleted first sentence |
| | | 2 | Deleted here; language moved to Sec. 600, new para 5: |
| | | 3 | Renumbered as new Para 2; minor grammatical change |
| | new | Language from Sec. 600, Para 8 moved here; changed "rule" to "principle" | |
| 55 | 608 | 1 | Deleted. Similar language moved to end of new section. |
| | | 2 | Deleted paragraph numbering and second sentence. Added language similar to that deleted from paragraph 1. |
| | 609 | | Existing language was numbered as new paragraph 1 |
| | | new | Created new paragraph 2 describing who may preside when chair and vice chair are absent |
| | 610 | | Amended to use generic term "appointing authority" |
| | 611 | | Scope broadened from seemingly limited list of duties to list of examples |
| | 612 | | None |
| | 613 | 1 | Deleted first part of third sentence. Added language stating testimony in public hearings may be taken when quorum is not present. |
| | | 2 | None |
| | | 3 | None |
| 56 | 615 | 1 | Deleted |
| | | 2 | None |
| | | 3 | Moved and renumbered as new paragraph 1. For consistency, moved "see also" note below section title |
| | | 4 | Renumbered as new paragraph 3. |
| | | 5 | Renumbered as new paragraph 4. Changed reference to matter in its possession. |
| | | 6 | Renumbered as new paragraph 5. Changed reference to legislative body |
| | 616 | 1 | None |
| | | 2 | None |
| | | 3 | Minor grammatical changes |
| | | 4 | None |
| | | 5 | Minor grammatical change |
| | 617 | | None |
| | 618 | 1 | Minor grammatical change |
| | | 2 | None |
| | 619 | 1 | None |
| | | 2 | None |
| | | 3 | Minor grammatical change |
| | 620 | 1 | None |
| | | 2 | None |
| | | 3 | Minor grammatical change |
| | | 4 | Minor grammatical change |
| | 621 | | None |
| 622 | | None | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|---|--|
| 57 | 625 | 1 | None |
| | | 2 | Minor grammatical change |
| | | 3 | None |
| | 626 | 1 | Minor grammatical change |
| | | 2 | None |
| | | 3 | Added reference to changing the place of a meeting |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | 627 | | None |
| | 628 | 1 | None |
| | | 2 | None |
| | | 3 | Added language to allow continuance of committees after adjournment |
| | 629 | 1 | Changed language relating to members' right to express opinion; permission may be requested. Moved last sentence to open Section 630 |
| | | 2 | None |
| new | | Added new paragraph 3 stating only members may make motions | |
| 630 | | Open section with last sentence from Sec. 629, para. 1 | |
| 58 | 632 | 1 | Scope broadened from seemingly limited list of rules not vigorously enforced to list of examples |
| | | 2 | None |
| | 633 | 1 | Deleted |
| | | 2 | Renumbered as new paragraph 1 |
| | 634 | 1 | Deleted |
| | | 2 | Renumbered as new paragraph 2 of Sec. 633 |
| | 635 | | Renumbered as new Section 634 |
| | | 1 | Minor grammatical change |
| | 636 | 2 | None |
| | | | Renumbered as new Section 635 |
| | | 1 | Deleted first sentence. Some minor grammatical changes to remainder of section |
| | 637 | 2 | Deleted first sentence |
| | | 3 | None |
| | | | Renumbered as new Section 636 |
| | 59 | | |
| 640 | | 1 | Added opening sentence to define committee for action |
| | | 2 | None |
| | | 3 | Deleted |
| 641 | | | None |
| 642 | | | None |
| 643 | | 1 | None |
| | | 2 | Deleted last sentence |
| 644 | | Minor grammatical change | |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|---------------------------|---|
| 59 (cont) | 645 | 1 | Minor grammatical change |
| | | 2 | Minor grammatical changes |
| | | 3 | None |
| | | 4 | For consistency, changed reference to chief legislative officer |
| | 646 | | None |
| 60 | 650 | 1 | Inserted new third sentence about referring a question to subcommittee. Moved fourth sentence to first sentence in new Para 6. Moved fifth sentence (with minor grammatical changes) to new Para 4. Updated footnote reference. |
| | | 2 | None |
| | | 3 | None |
| | | New | New paragraph 4. Language was formerly the fifth sentence of old Para 1. |
| | | New | New Para. 5 concerning rules governing meetings. |
| | | 4 | Becomes new Para 6. Incorporates language formerly found in fourth sentence of old Para 1. |
| | | New | New Para 7 concerning subcommittee amendments |
| | | New | New Para 8 concerning committee actions on subcommittee recommendations |
| | | New | New Para 9 concerning requiring discharge of a subcommittee |
| 61 | 653 | | None |
| | 654 | | None |
| | 655 | | Added language about no rule to contrary |
| | 656 | | None |
| | 657 | | None |
| | 658 | | Added a sentence to updated language to reflect the modern practice whereby joint committees do vote by houses |
| | 659 | | None |
| | 62 | 663 | 1 |
| 2 | | | Deleted paragraph numbering |
| 664 | | 1 | Deleted the part of second sentence concerning permanent attachment |
| | | 2 | None |
| | | new | Inserted a new paragraph 3 stating that a committee chair may not hold or delay the filing of a report |
| | | 3 | Renumbered as paragraph 4 |
| | | 4 | Renumbered as paragraph 5 |
| | | 5 | Renumbered as paragraph 6 |
| | | 6 | Renumbered as paragraph 7 |
| | | 7 | Renumbered as paragraph 8 |
| 8 | | Renumbered as paragraph 9 | |
| 665 | | 1 | None |
| | | 2 | None |
| | | 3 | Added language to clarify meaning |
| | | 4 | Minor grammatical change |

| Chapter | Section | Paragraph | Changes | |
|-----------|---------|---|--|---|
| 62 (cont) | 666 | 1 | None | |
| | | 2 | Moved last sentence to beginning of section. For consistency, changed reference to chief legislative officer | |
| | | 3 | None | |
| | | 4 | Clarified the types of committees that are allowed to report at any time | |
| | | 5 | None | |
| | | 6 | Deleted | |
| | 667 | | None | |
| | 668 | | None | |
| | 669 | | None | |
| | 670 | 1 | None | |
| | | 2 | None | |
| | | 3 | None | |
| | | 4 | None | |
| | | 5 | None | |
| | | 6 | None | |
| | | 7 | None | |
| | 671 | | None | |
| | 672 | | For consistency, moved "see also" reference below section heading | |
| | 673 | | None | |
| | 674 | | None | |
| | 675 | | | Added a "see also" reference beneath section heading |
| | | 1 | | To clarify section, wording was changed to "properly called" committee meeting. Also, changed wording about what action the presiding officer takes |
| | | 2 | | None |
| | | 3 | | None |
| | 676 | | None | |
| | 677 | | Deleted entire section | |
| 678 | | Renumbered as Section 677. Broadened reference from resolution to measure | | |
| 63 | 683 | | None | |
| | 684 | 1 | None | |
| | | 2 | None | |
| | | 3 | None | |
| | | 4 | For consistency, changed reference to chief legislative officer | |
| | | 5 | None | |
| | 685 | | None | |
| 686 | | None | | |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|-----------|---|
| 63 (cont) | 687 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Added language to clarify reconsideration in committee of the whole |
| | | 5 | None |
| | | 6 | None |
| | | 7 | None |
| | | 8 | None |
| | 688 | | None |
| | 689 | | None |
| 690 | | None | |
| 691 | | None | |
| 64 | 694 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | For consistency, changed reference to chief legislative officer |
| | 695 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Deleted language about publishing |
| | | 5 | None |
| | 696 | | None |
| | 697 | 1 | None |
| | | 2 | Deleted references to deposit with secretary of state and journals |
| | | 3 | Deleted |
| | | 4 | Renumbered as paragraph 3 |
| | | 5 | Renumbered as paragraph 4 |
| | 698 | | None |
| | 699 | | None |
| | 700 | 1 | None |
| | | 2 | None |
| | | 3 | For consistency, changed reference to chief legislative officer. Made some other minor grammatical changes. |
| | | 4 | Deleted references to true and truth |
| | | 5 | None |
| | | 6 | None |
| | | 7 | For consistency, changed reference to chief legislative officer. |
| | | 8 | Minor grammatical change |
| | 701 | | None |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|------------------------------------|---|
| 64 (cont) | 702 | 1 | For consistency, changed reference to chief legislative officer. Deleted last sentence |
| | | 2 | Removed reference to secretary of the state and existing language to where courts cannot look |
| | | 3 | Removed paragraph number, so this language becomes part of paragraph 2 |
| | | 4 | Renumbered as paragraph 3 |
| | 703 | 1 | Deleted |
| | | 2 | Deleted paragraph number and first & third sentences |
| 65 | 705 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Changed reference to generic person |
| | | 5 | None |
| | | 6 | None |
| | 706 | | None |
| 66 | 710 | | None |
| | 711 | | None |
| | 712 | | None |
| | 713 | | None |
| | 714 | | None |
| 67 | 720 | | None |
| | 721 | 1 | None |
| | | 2 | Removed both references to resolution |
| | 722 | | None |
| 723 | | None | |
| 68 | 726 | 1 | None |
| | | 2 | Minor grammatical change |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | None |
| | | 8 | None |
| | | 9 | None |
| | 727 | | None |
| | 728 | | None |
| | 729 | | None |
| | 730 | | None |
| | 731 | | None |
| | 732 | | None |
| | 733 | | None |
| | 734 | 1 | Replaced "several" with "separate" |
| | | 2 | None |
| | | 3 | None |
| 4 | | None | |
| 735 | 1 | Changed the second "must" to "may" | |
| | 2 | None | |

| Chapter | Section | Paragraph | Changes | |
|-----------|---------|-----------|---|---|
| 68 (cor.) | 736 | | None | |
| | 737 | | None | |
| | 738 | | None | |
| | 739 | | None | |
| | 740 | | | Added Sec. 753 and Sec. 756 to the "See also" note |
| | | 1 | | None |
| | | 2 | | None |
| | | 3 | | None |
| | | 4 | | Added footnote referring to New York case |
| | 5 | | None | |
| | 741 | | None | |
| 69 | 750 | | None | |
| | 751 | 1 | None | |
| | | 2 | | |
| | | new | | New Para 3 was created by moving Sec. 468, Para 2 here |
| | 752 | | None | |
| | 753 | | | Added a see also note referencing Sec 740 and 756 |
| | | 1 | | None |
| | | 2 | | None |
| | 754 | 3 | | Added reference to New York court case in footnote |
| | | 1 | | Under clause b, deleted to reference "on the bill while both houses are in session" and inserted "in accordance with constitutional requirements" |
| | | 2 | | None |
| | | 3 | | Deleted remainder of sentence after the first reference to "secretary of state" |
| | | 4 | | None |
| | | 5 | | None |
| | | 6 | | None |
| | | 7 | | None |
| | | 8 | | None |
| | | 9 | | None |
| | | 10 | | None |
| | | 11 | | None |
| | 12 | | None | |
| | 755 | | None | |
| | 756 | | | Added "see also" reference to Sec. 740 and Sec. 753 |
| 1 | | | None | |
| 2 | | | Added footnote referring to New York court case | |
| | 3 | | None | |
| 757 | | None | | |
| 758 | 1 | | Deleted last sentence | |
| | 2 | | None | |
| | 3 | | None | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|-----------|--|
| 70 | 760 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | Changed wording to clarify that one house cannot question any "procedural action or ruling" of the other |
| | 761 | | None |
| | 762 | | None |
| | 763 | | None |
| | 764 | | None |
| 765 | | None | |
| 71 | 766 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | Minor grammatical change |
| | | 6 | None |
| | | 7 | None |
| | | 8 | None |
| | 767 | | None |
| | 768 | | None |
| | 769 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Deleted |
| | | 5 | Renumbered as Para 4 |
| | | 6 | Renumbered as Para 5 |
| | | 7 | Renumbered as Para 6 |
| | 770 | 1 | None |
| | | 2 | Minor grammatical change |
| | | 3 | None |
| | 771 | 1 | Changed language so the report must be affirmatively signed by a majority of the conferees from each chamber |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Changed to simplify and clarify language |
| | | 5 | None |
| | | 6 | Changed to simplify and clarify language |
| | | 7 | None |
| | | 8 | None |
| | | 9 | Changed to simplify and clarify language |

| Chapter | Section | Paragraph | Changes |
|-----------|---------|--|---|
| 71 (cont) | 772 | 1 | None |
| | | 2 | Changed reference from "other house" to "in form of a conference committee report" |
| | 773 | 1 | Changed to simplify and clarify language |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| 774 | | Minor grammatical change to second sentence. Deleted sentence referring to process in Arkansas and Montana | |
| 775 | | None | |
| 72 | 780 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | Clarified that the special message must come "from the governor" |
| | | 8 | None |
| | | 9 | None |
| | | 10 | None |
| | | 11 | Moved and renumbered as Para 15 |
| | | 12 | Renumbered as Para 11 |
| | | 13 | Renumbered as Para 12 |
| | | 14 | Renumbered as Para 13 |
| | | 15 | Renumbered as Para 14 |
| | 781 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Changed language to clarify that "it is not acceptable" to lengthen session by stopping the clock |
| | | 5 | None |
| | | 6 | Changed to "session" ceases upon "sine die" adjournment |
| | | 7 | None |
| | | 8 | None |
| | 782 | | None |
| | 783 | | Changed title by removing reference to "three" and adding the more general language "specified number of" |
| | | 1 | Removed reference to "three" and added the more general language "a specified number of" |
| | | 2 | Removed reference to "three" and added the more general language "a specified number of" |
| 3 | | None | |
| 784 | | None | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|---|--|
| 73 | 795 | | None |
| | 796 | 1 | Minor grammatical change |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | 797 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | Minor grammatical change |
| | | 7 | None |
| | 798 | 1 | Second sentence changed by deleting "whether the power of inquiry is to be exercised by a state or federal legislative body, or" |
| | | 2 | None |
| | | 3 | None |
| | 799 | | None |
| | 800 | | None |
| | 801 | 1 | None |
| | | 2 | Footnote was modified to include text and footnote references from old Para 7 and Para 8 |
| | | 3 | None |
| | | 4 | None |
| | | 5 | None |
| | | 6 | None |
| | | 7 | Converted to a narrative footnote for Para 2 |
| | | 8 | Converted to a narrative footnote for Para 2 |
| | | 9 | Deleted |
| | 802 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Language made more general; removed reference to "chair of the committee" |
| | | 5 | None |
| | | 6 | None |
| 7 | | None | |
| 8 | | None | |
| 9 | | None | |
| 10 | | None | |
| 11 | | None | |
| 12 | | Removed reference to Congress in first sentence. Deleted second sentence. Deleted footnote. | |
| 803 | | None | |

| Chapter | Section | Paragraph | Changes |
|---------|---------|-----------|-----------------------------|
| 74 | 805 | 1 | None |
| | | 2 | None |
| | | 3 | None |
| | | 4 | Reworded to clarify meaning |
| | | 5 | None |
| | 806 | | None |
| | 807 | | None |

HCR

39

Alaska State Legislature

House of Representatives



Official Business

COMMITTEE ON RULES Representative Norman Rokeberg, Chairman

State Capitol, Rm. 214
Juneau, Ak 99801-1182
(907) 465-3764

MEMORANDUM

TO: LAA Legal

FROM: Janet Seitz, House Rules

DATE: May 6, 2004

RE: HCR 39

Fax: 2029

URGENT

The House Rules Committee has adopted the following changes to 23-LS1971AU:

✓ Amendment #1 Page 2, line 10: Change "nine" to "seven"

✓ Amendment #2 Page 2, lines 12-15: DELETE
Insert: 7 members of the legislature, three appointed by the Speaker and three appointed by the Senate President, to include one minority member from each body; and the Chair of the Legislative Budget and Audit Committee

✓ Amendment #3: Page 2, lines 16-17 DELETE

✓ Amendment #4: Title and other places as needed: Change "Commission" to "Committee"

✓ Amendment #5: Page 1, line 7, INSERT new Whereas clause as follows:
"WHEREAS the legislature has a constitutional obligation to develop the state's resources for the maximum benefit of Alaskans; and"

✓ Amendment #6: INSERT a resolved clause that indicates that the Committee has the authority to request and receive confidential information (similar to the one that was contained in the BP/ARCO merger committee resolution). This was a conceptual amendment so the language is open but the point is to allow the committee to receive such confidential information. Rep. Kerttula mentioned that she thought the merger committee had to sign for the information.

LAA Legal
May 6, 2004
Page Two
RE: HCR 39

Amendment #7: Page 3, lines 6-10 DELETE

✓ Amendment #8: Page 3, line 11: change so that the report is due no later than March 1, 2005 (to the LB&A Committee)

Please send over a new final. This resolution is on the House floor calendar for later tonight.

23-LS1971VH
Chenoweth
4/29/04

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

**Introduced:
Referred:**

A RESOLUTION

1 **Establishing the Alaska Royalty and Revenue Task Force.**

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

3 **WHEREAS** the oil and gas industry operates in a diverse, competitive, and global
4 landscape; and

5 **WHEREAS** the state receives more than 70 percent of its unrestricted general fund
6 revenue from taxes and royalties on the production of its oil and gas resources; and

7 **WHEREAS** the legislature has a constitutional obligation to develop the state's
8 resources for the maximum benefit of Alaskans; and

9 **WHEREAS** Alaska's major oil and gas taxes are the oil and gas property production
10 (severance) tax (AS 43.55), which was last significantly revised in 1989, the oil and gas
11 corporate income tax (AS 43.20.072), which was last significantly revised in 1981, and the oil
12 and gas exploration, production, and pipeline transportation property tax (AS 43.56), which
13 was enacted in 1973 and has had only relatively minor changes since then; and

14 **WHEREAS** it is appropriate to reevaluate the state's present system of oil and gas
15 taxes at this time because the scope and cost of oil and gas production operations have
16 significantly changed since the various pieces of the system were last put in place; and

*Am # 5
reinsert
in HRS
No objection*

1 **WHEREAS** a tax structure that retains an inadequate value of those resources for
2 Alaskans violates that constitutional obligation; and

3 **WHEREAS** the maximization of the benefits from the production of its oil and gas is
4 in the best interest of the state; and

5 **WHEREAS** maximizing oil and gas production is in the best interest of the state; and

6 **WHEREAS** the tax and royalty structures that the state uses to maximize the benefits
7 of oil and gas production in the state can affect the production of oil and gas in the state; and

8 **WHEREAS** the tax and royalty structures in place in the state's oil and gas sector are
9 a portion of the cost of production; and

10 **WHEREAS**, in examining the oil and gas tax system, it would be imprudent to
11 evaluate any portion of the tax system in isolation; and

12 **WHEREAS** the decisions to invest in new exploration and production are made by
13 multinational corporations; and

14 **WHEREAS** these decisions are made based on global portfolios of production assets;
15 and

16 **WHEREAS** the global competitiveness of the state's oil and gas sector directly
17 influences investment in the state's oil and gas sector;

18 **BE IT RESOLVED** that the Alaska State Legislature establishes the Alaska Royalty
19 and Revenue Task Force to review and analyze the state's current oil and gas royalty and tax
20 structures; and be it

21 **FURTHER RESOLVED** that the task force shall be composed of nine members to
22 include

23 (1) seven members of the legislature chosen jointly by the presiding officers of
24 the House of Representatives and the Senate, three of whom shall be chosen from a list
25 provided jointly by the minority leaders of the House of Representatives and the Senate; and

26 (2) two members, not members of the legislature, chosen jointly by the
27 presiding officers of the House of Representatives and Senate; and be it

28 **FURTHER RESOLVED** that the Speaker of the House of Representatives shall
29 appoint the task force chair; and be it

30 **FURTHER RESOLVED** that the task force craft policies for recommendation to the
31 Twenty-Fourth Alaska State Legislature that would maximize the long-term benefits of the

1 state's oil and gas resources to the state; and be it

2 **FURTHER RESOLVED** that, in crafting policies that would maximize the long-term
3 benefits to the state, the task force consider the state's competitiveness globally in attracting
4 capital to its oil and gas sector; and be it

5 **FURTHER RESOLVED** that the task force address the factors affecting the state's
6 competitiveness; and be it

7 **FURTHER RESOLVED** that, in crafting policies that maximize the long-term
8 benefit to the state, the task force evaluate all of the mechanisms the state and its
9 municipalities use to recover revenue from oil and gas production; and be it

10 **FURTHER RESOLVED** that the task force may retain expert consultants for the
11 purposes of assisting the task force in its mission; and be it

12 **FURTHER RESOLVED** that the task force begin work on June 1, 2004, or as soon
13 after that date as possible; and be it

14 **FURTHER RESOLVED** that the task force may meet during the interim; and be it

15 **FURTHER RESOLVED** that the members of the task force shall serve without
16 compensation but are entitled to transportation expenses, and the members who are legislators
17 may claim per diem under the per diem allowance policy adopted under AS 24.10.130 and the
18 members who are not legislators are entitled to per diem as authorized for members of boards
19 and commissions under AS 39.20.180; and be it

20 **FURTHER RESOLVED** that the task force shall submit a report and proposed
21 legislation to the Twenty-Fourth Alaska State Legislature on the date of commencing of the
22 First Regular Session; and be it

23 **FURTHER RESOLVED** that the task force is terminated not later than the
24 adjournment of the First Regular Session of the Twenty-Fourth Alaska State Legislature.

5/6/04

Kott moved to adopt McQuire objected removed objection

23-LS1971\U

CS FOR HOUSE CONCURRENT RESOLUTION NO. 39(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL TRADE, AND TOURISM

A RESOLUTION *AMR*

Jan #4 Committee or joint comm as appropriate no objection

1 **Establishing the Alaska Royalty and Revenue Commission.**

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

3 **WHEREAS** the oil and gas industry operates in a diverse, competitive, and global
4 market; and

5 **WHEREAS** the state receives more than 70 percent of its unrestricted general fund
6 revenue from taxes and royalties on the production of its oil and gas resources; and

7 **WHEREAS** Alaska's major oil and gas taxes are the oil and gas property production
8 (severance) tax (AS 43.55), which was last significantly revised in 1989, the oil and gas
9 corporate income tax (AS 43.20.072), which was last significantly revised in 1981, and the oil
10 and gas exploration, production, and pipeline transportation property tax (AS 43.56), which
11 was enacted in 1973 and has had only relatively minor changes since then: and

12 **WHEREAS** a tax structure that retains an inadequate value of those resources for
13 Alaskans violates the constitutional obligation to develop the state's resources for the
14 maximum benefit of Alaskans; and

15 **WHEREAS** maximizing oil and gas production and the benefits from the production
16 of oil and gas is in the best interests of the state; and

1 WHEREAS the tax and royalty structures in place in the state's oil and gas sector are
2 a portion of the cost of production and affect the competitive ability of Alaska to maintain and
3 attract new capital investments; and

4 WHEREAS it is appropriate to reevaluate periodically the state's system of oil and
5 gas taxes as the scope and cost of oil and gas exploration and production operations change
6 over time;

7 BE IT RESOLVED that the Alaska State Legislature establishes the Alaska Royalty
8 and Revenue Commission to review and analyze the state's current oil and gas royalty and tax
9 structures; and be it

10 FURTHER RESOLVED that the commission shall be composed of ⁷ ~~nine~~ members to
11 include

12 (1) seven members of the legislature, to include the speaker, the majority
13 leader, and the minority leader of the House of Representatives, the president, majority leader,
14 and minority leader of the Senate, and the chair of the Legislative Budget and Audit
15 Committee; and

16 (2) two experts chosen jointly by the presiding officers of the House of
17 Representatives and Senate; and be it

18 FURTHER RESOLVED that the Speaker of the House of Representatives shall
19 appoint the commission chair; and be it

20 FURTHER RESOLVED that the commission retain consultants with expertise in
21 global oil and gas fiscal structures to perform a comprehensive study and prepare a report on
22 the state's oil and gas tax and royalty regime; and be it

23 FURTHER RESOLVED that the study identify alternative state revenue and
24 industry incentive structures that maximize the state's oil and gas revenue, promote
25 development of known oil and gas resources, and encourage additional exploration and
26 development with consideration of the widest possible range of world oil prices; and be it

27 FURTHER RESOLVED that the study analyze the consequences of existing and
28 alternative tax structures on Alaska's competitiveness in maintaining existing and attracting
29 new industry investment; and be it

30 FURTHER RESOLVED that the results shall be documented in a final report of
31 findings made to the commission; and be it

Am #1 no objection
Am #2 Kott no objection
Am #3 HHR Kott

3 by SP 3 by P of Senate

one of three each minority member +

1 **FURTHER RESOLVED** that the commission shall assist and facilitate the contractor
2 or contractors in the performance of the study; and be it

3 **FURTHER RESOLVED** that the commission begin work on June 1, 2004, or as
4 soon after that date as possible; and be it

5 **FURTHER RESOLVED** that the commission may meet during the interim; and be it

6 **FURTHER RESOLVED** that the members of the commission shall serve without
7 compensation but are entitled to transportation expenses, and the members who are legislators
8 may claim per diem under the per diem allowance policy adopted under AS 24.10.130 and the
9 members who are not legislators are entitled to per diem as authorized for members of boards
10 and commissions under AS 39.20.180; and be it

11 **FURTHER RESOLVED** that the commission shall submit the report of findings to
12 the Legislative Budget and Audit Committee, who shall present the report to the Twenty-
13 Fourth Alaska State Legislature; and be it

14 **FURTHER RESOLVED** that the commission is terminated not later than the
15 adjournment of the First Regular Session of the Twenty-Fourth Alaska State Legislature.

*am #7
Kass
Delete
no objection*

*am
#8
no later
Mar 1, 2005
HVR object
mm
1*

*am #6
Kerrula
no objection*

*Resolved
[confidential info receive authority info]
has at to request & receive conf*

*5/6/04
McGuire out with
new recs & HVR note
out*

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HCR 39
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title Establishing the Alaska Royalty and BRU Legislative Council
 Revenue Commission Component: Council and Subcommittees
 Sponsor House Resources by Request of EDT
 Requestor House Rules Committee Component No. 783

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|--------------|------------|------------|------------|------------|------------|
| Personal Services | 75.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Travel | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contractual | 500.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Supplies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equipment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Land & Structures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Grants & Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|--------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2004) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | | | | | | |
| Part-time | 1 | 0 | 0 | 0 | 0 | 0 |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

HCR 39 establishes a nine member Alaska Royalty and Revenue Task Force to review and analyze the State's current oil and gas royalty and tax structures. The Task Force will craft policies for recommendation to the 24th Legislature that would maximize the long-term benefits of oil and gas resources to the State. The Task Force will begin work on June 1, 2004, may meet during the interim, and will submit a report and proposed legislation to the Twenty-Fourth Legislature on the date of commencing of the First Regular Session. The Commission will terminate not later than the adjournment of the First Regular Session of the Twenty-Fourth Alaska State Legislature.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
 Division Administrative Services Date/Time 5/6/04 1.20 PM
 Approved by: Pamela Varni, Executive Director Date 5/6/2004
 Agency Legislative Affairs Agency

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

FISCAL NOTE

ANALYSIS CONTINUATION
2004 Legislative Session

BILL NO. HCR 39

FY04

Any FY04 costs for the Alaska Royalty and Revenue Task Force will be absorbed within existing budgets.

FY05

Personal Services

The Task Force will be staffed by an 11 month Legislative Assistant Range 21

Personal Services \$ 75.0

Travel

Travel costs for members of the Task Force will be absorbed within existing budgets.

Contractual

The Task Force may retain expert consultants for the purposes of assisting the Task Force in its mission of maximizing the long-term benefits of the State's oil and gas resources to the State, considering the State's competitiveness globally in attracting capital to its oil and gas sector, and addressing factors affecting the State's competitiveness, and evaluating all of the mechanisms the State and its municipalities use to recover revenue from oil and gas production.

Costs for teleconferencing meetings and printing the Task Force report will be absorbed within existing budgets.

Contractual \$ 500.0

Supplies

Supplies for the Task Force will be absorbed within existing budgets.

Equipment

Equipment for the Legislative Assistant will be absorbed within existing budgets.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HCR 39 (RLS)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title Establishing the Alaska Royalty and BRU Legislative Council
Revenue Commission Component: Council and Subcommittees
 Sponsor House Resources by Request of EDT
 Requestor House Rules Committee Component No. 783

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|--------------|------------|------------|------------|------------|------------|
| Personal Services | 75.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Travel | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Contractual | 500.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Supplies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equipment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Land & Structures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Grants & Claims | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Miscellaneous | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL OPERATING | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|---|--------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type--Do not abbreviate) | | | | | | |
| TOTAL | 575.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2004) cost: _____
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| Full-time | | | | | | |
| Part-time | 1 | 0 | 0 | 0 | 0 | 0 |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

CS HCR 39 (RLS) establishes a nine member Alaska Royalty and Revenue Commission to review and analyze the State's current oil and gas royalty and tax structures. The Commission will craft policies for recommendation to the 24th Legislature that would maximize the long-term benefits of oil and gas resources to the State. The Commission will begin work on June 1, 2004, may meet during the interim, and will submit a report and proposed legislation to the Legislative Budget and Audit Committee who will present the report to the Twenty-Fourth Legislature. The Commission will terminate not later than the adjournment of the First Regular Session of the Twenty-Fourth Alaska State Legislature.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
 Division: Administrative Services Date/Time 5/6/04 3:32 PM
 Approved by: Pamela Varni, Executive Director Date 5/6/2004
 Agency: Legislative Affairs Agency

FISCAL NOTE

ANALYSIS CONTINUATION
2004 Legislative Session

BILL NO. HCR 39 (RLS)

FY04

Any FY04 costs for the Alaska Royalty and Revenue Commission will be absorbed within existing budgets.

FY05

Personal Services

The Commission will be staffed by an 11 month Legislative Assistant Range 21

Personal Services \$ 75.0

Travel

Travel costs for members of the Commission will be absorbed within existing budgets.

Contractual

The Commission will retain consultants with expertise in global oil and gas fiscal structures to perform a comprehensive study and report on the State's oil and gas tax and royalty regime. The study shall identify alternate State revenue and industry incentive structures that maximize the State's oil and gas revenue, promote development of known oil and gas resources, and encourage additional exploration and development with consideration of the widest possible range of world oil prices. The study shall analyze the consequences of existing and alternate tax structures on Alaska's competitiveness in maintaining existing and attracting new industry investment.

The Commission shall submit the consultants report of findings to the Legislative Budget and Audit Committee who shall present the report to the 24th Alaska Legislature.

Costs for teleconferencing meetings and printing additional copies of the Commission report will be absorbed within existing budgets.

Contractual \$ 500.0

Supplies

Supplies for the Task Force will be absorbed within existing budgets.

Equipment

Equipment for the Legislative Assistant will be absorbed within existing budgets.

SESSION

State Capitol, Room 416
Juneau, Alaska 99801-1182
(907) 465-4930 Tel
(907) 465-3834 Fax



Alaska State Legislature
REPRESENTATIVE CHERYLL BOREN HEINZE
Chair: Economic Development; International Trade & Tourism

INTERIM

716 W. Fourth Ave.
Anchorage, Alaska 99501-2133
Tel (907) 269-0174
Fax (907) 269-0177

Sponsor Statement for HCR

The State of Alaska is in the oil business. The strength of the oil and gas sector is critical to Alaska's economy, and the revenue the State receives from oil and gas development is crucial to the State's budget.

Alaska's major oil and gas taxes are the:

- The oil and gas property production (severance) tax (AS 43.55), which was last significantly revised in 1989.
- The oil and gas corporate income tax (AS 43.20.072), which was last significantly revised in 1981.
- The oil and gas exploration, production, and pipeline property tax (AS 43.56), which was last revised in 1973.

Revenue from oil and gas development contributed 84% of the State's unrestricted general fund revenue in FY 2003. Royalties from the production provided half of the unrestricted revenue the state received from oil and gas production in FY 2003.

Since the state has a vested interest in both the taxation and in the production of oil and gas, it would be imprudent of the State to consider any one revenue mechanism in isolation.

HCR ___ would establish the Alaska Royalty and Revenue Commission to examine the entirety of the state's oil and gas revenue system and the competitiveness of that system in a global context.

The commission would hire global experts to analyze the state's oil and gas revenue system for the commission.

HCR___ will establish a forum for the complete and concrete analysis of Alaska's oil and gas royalty and revenue system.

Amendments to HCR

Amendment 1:

Intent: Changing *Task Force* to *Commission*

To page 1, line 1: delete [Task Force] insert Commission

To page 2, line 19: delete [Task Force] insert Commission

To page 2, line 21: delete [task force] insert Commission

To page 2, line 29: delete [task force] insert Commission

To page 2, line 30: delete [task force] insert Commission

To page 3, line 3: delete [task force] insert Commission

To page 3, line 5: delete [task force] insert Commission

To page 3, line 8: delete [task force] insert Commission

To page 3, line 10: delete [task force] insert Commission

To page 3, line 11: delete [task force] insert Commission

To page 3, line 12: delete [task force] insert Commission

To page 3, line 14: delete [task force] insert Commission

To page 3, line 15: delete [task force] insert Commission

To page 3, line 20: delete [task force] insert Commission

To page 3, line 23: delete [task force] insert Commission

Amendment 2:

Intent: To revise the membership of the Commission

To page 2, line 26: delete [members] and insert experts

To page 2, line 26: delete [, not members of the legislature,]

Amendment 3:

Intent: To streamline the language in HCR _____

To page 1, lines 7 - 8: Delete lines 7 and 8

To page 2, lines 1 - 9: Delete lines 1 through 9

To page 2, line 12 - 17: Delete lines 12 through 17

Amendment 4:

Intent: To clarify the role of experts in the Commission

To page 3, line 10: Delete [expert]

To page 3, line 10: Insert with expertise in global oil and gas fiscal structures after "consultants"

B. Unrestricted General Purpose Revenue

Unrestricted General Purpose Revenue is the amount generally used for budget planning purposes and is designated in budget documents as general fund revenue. The table on the next two pages sets out actual FY 2003 Unrestricted General Purpose Revenue and our revised projections for FY 2004 and 2005.

We forecast Unrestricted General Purpose Revenue by first estimating General Fund Unrestricted Revenue, which includes all unrestricted revenue items in the Alaska State Accounting System (AKSAS), as well as certain program receipts. After consulting with the Governor's Office of Management and Budget and the Legislature, we adjust our forecast of General Fund Unrestricted Revenue to derive a forecast of total Unrestricted General Purpose Revenue. Reductions include: (1) earmarking revenue for specific programs, (2) pass-through revenue for qualified regional aquaculture and dive fishery associations, and (3) revenue shared with local governments and organizations (e.g., fisheries taxes.) Additions include transfers from the unclaimed property trust.

Table 2-4. Unrestricted General Purpose Revenue
\$ Million

| | Actual FY 2003 | FY 2004 | FY 2005 |
|--|-------------------|------------|------------|
| OIL REVENUE | | | |
| <u>Property Tax</u> | 48.7 | 48.5 | 45.6 |
| <u>Corporate Income Tax</u> | 151.1 | 240.0 | 200.0 |
| <u>Production Tax</u> | | | |
| Oil and Gas Production | 589.8 | 628.2 | 499.9 |
| Oil and Gas Hazardous Release | <u>9.2</u> | <u>9.2</u> | <u>9.3</u> |
| Subtotal Production Tax | 599.0 | 637.4 | 509.2 |
| <u>Royalties</u> | | | |
| Mineral Bonuses and Rents | 9.6 | 10.4 | 16.1 |
| Oil and Gas Royalties | 825.7 | 1,010.1 | 880.6 |
| Interest Paid | <u>5.0</u> | <u>2.1</u> | <u>2.1</u> |
| Subtotal Royalties | 840.3 | 1,022.6 | 898.8 |
| Subtotal Oil Revenue | 1,639.1 | 1,948.5 | 1,653.6 |
| OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT) | | | |
| <u>Other Tax</u> | | | |
| Sales and Use | | | |
| Alcoholic Beverage | 14.1 | 15.7 | 15.7 |
| Cigarette | 9.6 | 9.5 | 9.5 |
| Other Tobacco Product | 6.7 | 6.8 | 7.2 |
| Insurance Premium | 39.0 | 42.6 | 44.7 |
| Electric and Telephone Cooperative | 0.2 | 0.2 | 0.2 |
| Motor Fuel Tax | 37.2 | 39.0 | 39.0 |
| Rental Vehicle Tax | 0.0 | 1.0 | 6.0 |
| Tire Fee | <u>0.0</u> | <u>0.8</u> | <u>2.6</u> |
| Subtotal | 106.8 | 115.6 | 124.9 |
| Corporate Income Tax | 47.7 | 45.0 | 50.0 |
| Fish Tax | | | |
| Fisheries Business | 13.8 | 11.6 | 11.3 |
| Fishery Resource Landing | <u>6.9</u> | <u>1.7</u> | <u>2.7</u> |
| Subtotal | 20.7 | 13.3 | 14.0 |
| Other | | | |
| Mining | 0.4 | 0.7 | 3.0 |
| Estate | 1.2 | 2.1 | 0.6 |
| Charitable Gaming | <u>2.6</u> | <u>2.5</u> | <u>2.5</u> |
| Subtotal | 4.2 | 5.3 | 6.1 |
| Subtotal Other Tax | 179.4 | 179.2 | 195.0 |

(continued on next page)

Table 2-4. Unrestricted General Purpose Revenue, cont.
\$ Million

| | Actual FY 2003 | FY 2004 | FY 2005 |
|---|-------------------|----------------|----------------|
| OTHER REVENUE (EXCEPT FEDERAL & INVESTMENT) | | | |
| <u>Charges for Services</u> | | | |
| General Government | 10.3 | 11.3 | 13.3 |
| Natural Resources | 1.7 | 1.7 | 1.7 |
| Other | <u>1.9</u> | <u>1.9</u> | <u>1.9</u> |
| Subtotal Charges for Services | 13.9 | 14.9 | 16.9 |
| <u>Licenses and Permits</u> | | | |
| Motor Vehicle | 30.3 | 42.9 | 45.3 |
| Other | <u>3.3</u> | <u>3.3</u> | <u>3.3</u> |
| Subtotal Licenses and Permits | 33.6 | 46.2 | 48.6 |
| <u>Fines and Forfeitures</u> | 7.0 | 13.0 | 13.0 |
| <u>Rents and Royalties</u> | | | |
| Land Leasing, Rental and Sales | 5.4 | 6.0 | 6.2 |
| Coal Royalties | 0.6 | 0.8 | 0.8 |
| Cabin Rentals | <u>0.2</u> | <u>0.2</u> | <u>0.2</u> |
| Subtotal Rents and Royalties | 6.2 | 7.0 | 7.2 |
| <u>Other</u> | | | |
| Miscellaneous | 9.4 | 10.0 | 10.0 |
| Unclaimed Property | <u>0.0</u> | <u>11.5</u> | <u>4.0</u> |
| Subtotal Other | 9.4 | 21.5 | 14.0 |
| Subtotal Other Revenue (Except Federal & Investment) | 249.5 | 281.8 | 294.7 |
| INVESTMENT REVENUE | | | |
| <u>Investments</u> | 28.2 | 11.0 | 10.5 |
| <u>Interest Paid by Others</u> | <u>30.8</u> | <u>4.0</u> | <u>2.3</u> |
| Subtotal Investment Revenue | 59.0 | 15.0 | 12.8 |
| TOTAL UNRESTRICTED REVENUE | 1,947.6 | 2,245.3 | 1,961.1 |

Alaska Benchmarking Study 2002

Alaska's Global Ranking

*Alaska Oil & Gas Association
March 2004*

ALASKA BENCHMARKING STUDY

The Alaska Benchmarking Study: Global Oil & Gas Risks & Rewards covers 61 areas within 50 countries. It is a multi-client study completed by Wood Mackenzie in September 2002.

PURPOSE

- 1. To provide a global comparison of relative attractiveness for future E&P investment based upon**
 - Risked exploration values
 - Value of remaining production from existing developments

- 2. To evaluate the impact of Government Take in each area**
 - Based on actual data, not standardized model fields

ABOUT WOOD MACKENZIE

Wood Mackenzie is an international consulting firm with offices in Edinburgh, Scotland, London, Houston, Boston, Moscow, Sydney, Tokyo and Beijing.

The firm has been providing consultancy services and research products to the energy and life sciences industries for over 25 years. Energy sector clients include:

- Major multinationals such as BP, ChevronTexaco, ExxonMobil, Shell, TOTAL
- Independent exploration and production companies such as BHP Billiton, Burlington, Marathon, Norsk Hydro, UNOCAL
- Regional and national oil companies such as EGPC, Gazprom, NIOC, PDVS, Pemex, Petronas, Sonatrach
- Governments and regulators worldwide

Coverage: 61 areas within 50 countries

Americas

Alaska
Argentina
Bolivia
Brazil - shelf
Brazil - deep water
Canada - East Coast
Colombia
Ecuador
Peru
Trinidad & Tobago - offshore
USA GoM - deep water
Venezuela

Europe

Denmark
Ireland
Italy
Netherlands - onshore
Netherlands - offshore
Norway - shelf

UK - shelf

UK - Southern Gas Basin

West Africa

Angola - shelf
Angola - deep water
Cameroon
Congo (Brazzaville)
Cote d'Ivoire
Equatorial Guinea
Gabon - onshore
Gabon - offshore
Nigeria - onshore
Nigeria - shelf
Nigeria - deep water
Sudan

Middle East/Caspian

Azerbaijan
Iran
Kazakhstan
Oman
Qatar
Turkmenistan
Yemen

North Africa

Algeria
Egypt - onshore
Egypt - offshore
Libya
Tunisia

Indian

Sub-Continent
Bangladesh
India
Pakistan

Asia Pacific

Brunei

China - offshore
Indonesia - onshore
Indonesia - shelf

Malaysia
Malaysia-Thai JDA
Myanmar
Philippines
Thailand
Vietnam

Australasia

Australia - offshore
New Zealand
Papua New Guinea
Timor Gap

Total Government Take

Alaska ranks 36 out of 61

Total Government Take (federal and state) is calculated to be 64%. State share is approximately 47% and includes royalties, production tax, corporate income tax, property tax and net profit shares. The actual and projected ELF, based on field size, is used in these calculations.

Economic assumptions: Brent marker price=US\$19.50 bbl (2002) increasing 2.5% per annum.

Note: From December 1990 to February 2003, the median price of ANS West Coast spot was \$17.77 per/bbl. The State of Alaska Department of Revenue forecast to FY 2010 is \$22 per/bbl.

(Spring 2003 Revenue Sources Book, State of Alaska Department of Revenue).

Weighted Average Total Costs

Alaska ranks 60 out of 60

This ranking is the weighted average of all North Slope fields starting production since 1995. (Earlier studies have confirmed that the per/bbl costs for Prudhoe and Kuparuk are among the highest in the world.) Costs include operating, cost of capital, all transportation including pipeline and marine.

** Nigeria (onshore) excluded from this portion of the study.*

Average Post-Take Value

Alaska ranks 55 out of 61

Aggregating the Government Take, which is higher than average, with the weighted average total costs, which are the highest of the 60 worldwide oil and gas provinces studied, the average post-take value of remaining production on the North Slope ranks 55 out of 61.

ALASKA'S GLOBAL RANKING

Alaska Benchmarking Study: Global Oil & Gas Risk & Rewards

| | Total Government Take | Weighted Average Total Costs | Average Post-Take Value (US\$/boe) | | | |
|----|------------------------------|------------------------------|------------------------------------|-------|------------------------------|------|
| 1 | Cameroon | 10.86% | Qatar | 1.38 | Cameroon | 7.83 |
| 2 | Ireland | 19.92% | Iran | 1.61 | Ireland | 5.76 |
| 3 | Canada (East Coast) | 35.17% | Egypt (offshore) | 1.73 | UK (shelf) | 5.50 |
| 4 | New Zealand | 37.51% | Malaysia-Thailand JDA | 1.97 | Philippines | 5.40 |
| 5 | UK (shelf) | 40.77% | Bangladesh | 2.31 | USA (GoM deep water) | 5.33 |
| 6 | Netherlands (offshore) | 41.92% | Oman | 2.40 | Papua New Guinea | 5.21 |
| 7 | USA (GoM deep water) | 42.10% | Indonesia (offshore) | 2.56 | Netherlands (offshore) | 4.48 |
| 8 | Italy | 42.62% | Australia (offshore) | 2.59 | Italy | 4.43 |
| 9 | China (offshore) | 42.81% | Malaysia | 2.73 | Denmark | 4.35 |
| 10 | UK (S. Gas Basin) | 43.54% | Pakistan | 2.77 | Congo (Brazzaville) | 4.26 |
| 11 | Pakistan | 45.46% | Egypt (onshore) | 3.41 | UK (S. Gas Basin) | 4.12 |
| 12 | Australia (offshore) | 45.51% | Myanmar | 3.47 | Canada (East Coast) | 4.10 |
| 13 | Philippines | 46.12% | India | 3.54 | China (offshore) | 4.04 |
| 14 | Argentina | 46.93% | Venezuela | 3.76 | New Zealand | 3.40 |
| 15 | Denmark | 47.20% | Brunei | 3.82 | Brazil (shelf) | 3.25 |
| 16 | Brazil (shelf) | 47.88% | Algeria | 3.93 | Yemen | 3.21 |
| 17 | Venezuela | 49.56% | Timor Gap | 4.01 | Australia (offshore) | 2.97 |
| 18 | Congo (Brazzaville) | 50.57% | Libya | 4.07 | Egypt (onshore) | 2.87 |
| 19 | Thailand | 50.65% | Bolivia | 4.70 | Equatorial Guinea | 2.75 |
| 20 | Kazakhstan | 51.88% | Nigeria (shelf) | 4.72 | India | 2.74 |
| 21 | Papua New Guinea | 52.27% | Netherlands (onshore) | 4.78 | Venezuela | 2.73 |
| 22 | Myanmar | 54.00% | Argentina | 4.79 | Myanmar | 2.70 |
| 23 | Cote d'Ivoire | 55.34% | Nigeria (deep water) | 5.25 | Pakistan | 2.65 |
| 24 | Bolivia | 55.71% | New Zealand | 5.32 | Angola (shelf) | 2.56 |
| 25 | Malaysia-Thailand JDA | 56.21% | Trinidad & Tobago (offshore) | 5.39 | Gabon (onshore) | 2.54 |
| 26 | Colombia | 57.12% | Philippines | 5.46 | Tunisia | 2.52 |
| 27 | Ecuador | 57.75% | Yemen | 5.52 | Netherlands (onshore) | 2.50 |
| 28 | Equatorial Guinea | 58.69% | Peru | 5.67 | Gabon (offshore) | 2.44 |
| 29 | Angola (deep water) | 59.93% | Indonesia (onshore) | 5.72 | Thailand | 2.36 |
| 30 | Brazil (deep water) | 60.19% | USA (GoM deep water) | 5.84 | Nigeria (deep water) | 2.33 |
| 31 | Bangladesh | 61.18% | Thailand | 5.85 | Brazil (deep water) | 2.27 |
| 32 | Azerbaijan | 61.54% | Brazil (shelf) | 5.96 | Egypt (offshore) | 2.26 |
| 33 | Netherlands (onshore) | 61.67% | Kazakhstan | 6.15 | Argentina | 2.24 |
| 34 | Tunisia | 63.07% | Angola (deep water) | 6.22 | Cote d'Ivoire | 2.23 |
| 35 | Timor Gap | 63.94% | Tunisia | 6.27 | Ecuador | 2.18 |
| 36 | USA (Alaska) | 64.24% | Netherlands (offshore) | 6.28 | Colombia | 2.12 |
| 37 | Nigeria (deep water) | 64.62% | Sudan | 6.41 | Angola (deep water) | 2.10 |
| 38 | India | 66.82% | Colombia | 6.50 | Vietnam | 2.05 |
| 39 | Turkmenistan | 68.06% | Brazil (deep water) | 6.67 | Algeria | 1.92 |
| 40 | Vietnam | 68.55% | Vietnam | 6.73 | Sudan | 1.90 |
| 41 | Trinidad & Tobago (offshore) | 69.00% | Italy | 6.74 | Malaysia-Thailand JDA | 1.87 |
| 42 | Indonesia (offshore) | 71.01% | Cameroon | 6.79 | Turkmenistan | 1.77 |
| 43 | Algeria | 71.72% | Cote d'Ivoire | 6.94 | Indonesia (offshore) | 1.58 |
| 44 | Gabon (offshore) | 71.81% | Equatorial Guinea | 6.96 | Kazakhstan | 1.55 |
| 45 | Egypt (offshore) | 73.04% | Gabon (onshore) | 7.03 | Oman | 1.54 |
| 46 | Gabon (onshore) | 73.38% | Azerbaijan | 7.12 | Brunei | 1.52 |
| 47 | Brunei | 73.90% | Ireland | 7.19 | Libya | 1.51 |
| 48 | Angola (shelf) | 74.11% | Ecuador | 7.43 | Azerbaijan | 1.49 |
| 49 | Egypt (onshore) | 74.27% | Denmark | 7.45 | Indonesia (onshore) | 1.41 |
| 50 | Norway | 74.74% | UK (S. Gas Basin) | 7.51 | Norway | 1.39 |
| 51 | Peru | 75.04% | Turkmenistan | 7.54 | Bangladesh | 1.37 |
| 52 | Yemen | 75.36% | Gabon (offshore) | 7.93 | Timor Gap | 1.35 |
| 53 | Sudan | 76.96% | Congo (Brazzaville) | 8.05 | Nigeria (shelf) | 1.06 |
| 54 | Libya | 78.73% | China (offshore) | 8.21 | Malaysia | 0.99 |
| 55 | Qatar | 79.09% | Papua New Guinea | 8.64 | USA (Alaska) | 0.90 |
| 56 | Indonesia (onshore) | 80.13% | Angola (shelf) | 8.65 | Nigeria (onshore) | 0.85 |
| 57 | Malaysia | 81.24% | Norway | 8.76 | Qatar | 0.76 |
| 58 | Oman | 83.19% | UK (shelf) | 8.79 | Trinidad & Tobago (offshore) | 0.69 |
| 59 | Nigeria (onshore) | 87.21% | Canada (East Coast) | 10.58 | Peru | 0.58 |
| 60 | Nigeria (shelf) | 87.44% | USA (Alaska) | 12.52 | Bolivia | 0.56 |
| 61 | Iran | 93.26% | *Excludes Nigeria (onshore) | | Iran | 0.20 |

Source: Wood Mackenzie Study - September 2002
Alaska Oil & Gas Association - March 2004

HJR

g

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHJR 9(FIN)

BY REPRESENTATIVE HAWKER

1 Page 3, line 17:

2 Delete "Reconsideration"

3 Insert "Repeal"

4

5 Page 3, lines 25 - 30:

6 Delete all material.

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

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHJR 9(W&M)
 (H) Publish Date: 5/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: GOV
 Title Constitutional Amendment relating to BRU Elections
an appropriation limit and a spending limit. Component Elections
 Sponsor Rep. Stoltze, Kohring, Rokeberg
 Requester House Ways and Means Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | 1.5 | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Lauri Allred Phone 465-5347
 Division: Division of Elections Date/Time 4/7/03 9:59 AM
 Approved by: Linda J. Perez, Director Date 4/7/2003
 Agency: Office of the Governor, Administrative Services

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHJR 9(JUD)
 (H) Publish Date: 2/1/04

Revision Date/Time (Note if correction): _____ Dept. Affected: GOV
 Title Proposed amendment to the Constitution of the State of Alaska relating to an appropriation limit and spending limit. RDU Elections
 Component Elections
 Sponsor Representative Stoltze
 Requester House Judiciary Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | 1.5 | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 1.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing of an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Leonard G. Jones
 Division: Division of Elections
 Approved by: Laura A. Glaiser, Director
 Agency: Office of the Lt. Governor, Division of Elections

Phone 465-3051
 Date/Time 2/2/04 11:20 AM
 Date 2/2/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHJR 9(FIN)
 (H) Publish Date: 4/8/04

Revision Date/Time: 1/23/04 Dept. Affected: All
 Title Appropriation/Spending Limit RDU _____
 Component _____
 Sponsor Stoltze
 Requester (H) FIN Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | |
|-------------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: *(Attach a separate page if necessary)*
 The zero fiscal note for executive branch agencies reflects the cost of implementing this legislation. Should the resolution pass the legislature, the Division of Elections would require \$1,500 to place this provision on the ballot for the 2004 general election.

Prepared by: Brad Pierce, Senior Policy Analyst Phone 465-4677
 Division: OMB Date/Time 4/8/04 9:22 AM
 Approved by: Cheryl Frasca, Director Date 4/8/04
 Agency: OMB

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

Interim:
PO Box 464
Chugach, AK 99567

REPRESENTATIVE BILL STOLTZE

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK
Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement

For

House Joint Resolution 9

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

I believe that the adoption of an effective, reasonable constitutional spending limit to be an essential first step to developing any new long-range fiscal plan for the state. This step will establish guidelines by which the legislature will execute its power of appropriation and will create a more consistent pattern for state spending.

The existing constitutional appropriation limit, adopted by voters in 1981, has not worked as anticipated and has never been effective in restraining state spending. One main reason for its failure is that the starting amount of \$2.5 billion and the escalation factor based on inflation and population growth was too liberal. Given the increases in inflation and population over the last 20 years, the spending limit imposed by Article IX, Section 16 is more than \$6 billion. That is about \$3 billion more than appropriated in Fiscal Year 2002.

The key to this proposed amendment is to start with a base appropriation limit that is equal to the appropriation level of the earliest complete fiscal year. All increases in spending would require a three-fourths vote whether the increase was presented as an increment in the statewide appropriation measures or through another piece of legislation as a fiscal note or stand-alone appropriation. The intent of this approval process is to allow the legislature to focus on significant increases apart from the ongoing needs of general government expenditures.

Specified appropriations are excluded from the appropriation limit for reasons already established in law.

If the amount appropriated exceeds the limit, the governor shall reduce expenditures by the executive branch for its operation and administration in order to bring expenditures back in line with the constitutional limit.

Sponsor Statement
HJR 9
February 3, 2003

And finally, an additional provision states that this appropriation guideline remain in place for six years, if passed by a vote of the people, and if it is not revised or passed again in a general election, it would be removed as a Constitutional provision. This caveat is included to either eliminate a provision that may not be working as anticipated without cost to the state or allow revisions to the provision as deemed necessary by future legislatures and Alaskan citizens.

Without a meaningful constitutional amendment in place that limits the amount of state expenditures, there is no guarantee that the state will restrain, let alone reduce, spending. HJR 9 would limit state spending and is a key component of any new long-range plan to ensure Alaska's long-term fiscal health.

Constitutional Spending Limit Comparison

| CSHJR 9 (JUD) | Governor's Proposal | HJR 9 - Original Version |
|---|---|--|
| <p>Base Year Fiscal year 2 years preceding the fiscal for which appropriations are made beginning with FY 06</p> | <p>Base Year <i>Original concept:</i> FY 2004 <i>Amended concept:</i> base on prior year's appropriations</p> | <p>Base Year Fiscal year 2 years preceding the fiscal for which appropriations are made beginning with FY 06</p> |
| <p>Economic / Limiting Factors Using the base year, apply the factors in the Governor's proposal: Take 50% of the average annual percent change over the last three of four years in personal income plus the average percent change in population over the last three of four calendar years.</p> | <p>Economic / Limiting Factors <i>Original concept:</i> Cumulative change in appropriations from one fiscal year to the next. <i>Amended concept:</i> Not a cumulative change and the appropriations are based on the prior year. Take 50% of the average annual percent change over the last three of four years in personal income plus the average percent change in population over the last three of four calendar years.</p> | <p>Economic / Limiting Factors May not exceed by more than 2% of the amount appropriated in the base year.</p> |
| <p>Appropriations Exempted Federal funds Funds dedicated as required by the federal government Declared natural disaster funds To Permanent Fund PF Dividends To CBR Debt service on revenue bonds GO and revenue bond proceeds Reimbursable service agreements between agencies Reappropriations Trust funds i.e. mental health lands Tuition to the University of Alaska</p> | <p>Appropriations Exempted Federal funds Funds dedicated as required by the federal government Trust funds To Permanent Fund PF Dividends To CBR State GO Bond proceeds (not premiums) Revenue bond proceeds and revenue bond debt service</p> | <p>Appropriations Exempted Federal funds Funds dedicated as required by the federal government Declared disaster funds To Permanent Fund PF Dividends To AK Railroad Debt service on GO bonds, revenue bonds and COPs Reimbursable service agreements between agencies Reappropriations</p> |

Constitutional Spending Limit Comparison

Override Requirement

3/4 vote of each house of the Legislature up to an additional 2% over the base year.

**Appropriations approved by override are NOT included in the spending limit for that FY

Voter Reauthorization

Beginning in 2004 and every six years after

Override Requirement

2/3 majority vote of the Legislature in joint session

Voter Reauthorization

Beginning in 2004 and every six years after

Other

Excess revenues go to CBR

Override Requirement

3/4 vote of each house of the Legislature up to an additional 2% over the base year.

Voter Reauthorization

Beginning in 2004 and every six years after

If appropriations exceed the limit, the Governor shall reduce executive branch agencies to bring the expenditures within the limit

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

January 30, 2003

SUBJECT: Appropriation Limit (Work Order No. 23-LS0435)

TO: Representative Bill Stoltze
Attn: Barbara Bitney

FROM: Tamara Brandt Cook
Director

TBC

Here is a copy of the resolution proposing a constitutional amendment to the appropriation limit that you requested. I must warn you that I cannot be sure this or a similar appropriation limit would be found to be a valid constitutional amendment that may be proposed by the legislature. It might be an invalid revision under the holding of the Alaska Supreme Court in Bess v. Ulmer, 985 P.2d 979 (Alaska 1999). It appears to me that the proposal would meet the four factors identified by the court as indicative of a valid amendment: (1) the proposal is simple to express and understand; (2) it is complete within itself; (3) it relates to only one subject; and (4) it substantially affects only a few sections of the constitution. There is an outside chance, I suppose, that the court would view the requirement for continuing votes on the spending limit contained in sec. 2 of the resolution as an additional subject, but this seems a remote risk. The real worry is that the court in Bess suggested that, aside from the four factors, if a fundamental power of one of the branches of state government is significantly altered, this could also result in the type of "sweeping change" that is not permitted to be accomplished in an amendment to the state constitution proposed by the legislature. It is possible that the court would view a substantial restriction on the legislative power of appropriation, such as here proposed, as amounting to such a significant alteration as to constitute an impermissible revision.

TBC:med
03-082.med

Enclosure

Variables:

| | |
|----------------------------------|----|
| Inflation | 3% |
| Population | 1% |
| 50% of Avg annual growth (3 yrs) | 2% |

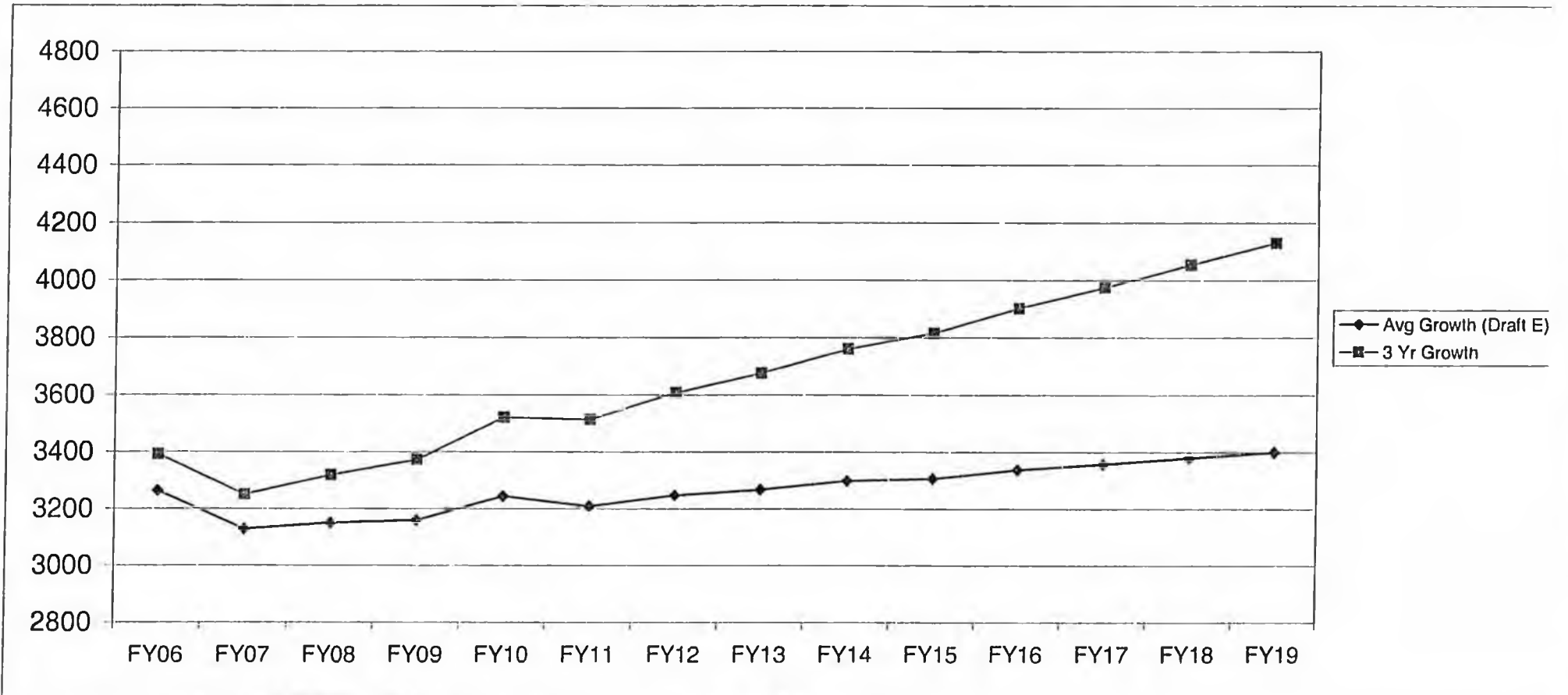
HJR 9

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

| Avg Growth (Draft E) | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|---------------------------------|------|------|------|------|------|--------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| "the avg annual rate of change" | 3300 | 3200 | 3100 | 2900 | 3264 | 3128 | 3150 | 3159 | 3244 | 3209 | 3248 | 3268 | 3298 | 3306 | 3337 | 3357 | 3380 |
| annual growth | | | | | 364 | -136 | 22 | 10 | 85 | -36 | 40 | 20 | 30 | 8 | 31 | 20 | 23 |
| annual % change | | | | | | -4.17% | 0.70% | 0.30% | 2.69% | -1.10% | 1.23% | 0.62% | 0.92% | 0.25% | 0.92% | 0.59% | 0.70% |

| | |
|----------------------------|----|
| Inflation | 3% |
| Population | 1% |
| 50% of growth during 3 yrs | 6% |

| 3 yr growth | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|----------------------|------|------|------|------|------|--------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| "the rate of change" | 3300 | 3200 | 3100 | 2900 | 3392 | 3251 | 3319 | 3372 | 3520 | 3512 | 3607 | 3676 | 3759 | 3815 | 3902 | 3975 | 4055 |
| annual growth | | | | | 492 | -141 | 68 | 53 | 148 | -7 | 95 | 69 | 83 | 55 | 87 | 73 | 80 |
| annual % change | | | | | | -4.17% | 2.09% | 1.60% | 4.39% | -0.20% | 2.71% | 1.90% | 2.27% | 1.47% | 2.29% | 1.88% | 2.01% |



Legislative Finance

3/28/04

Table 1
Fund Source Categories for Potential Inclusion/Exclusion Under a Spending Limit

| GROUP TITLE | FUND CODE | FUND NAME | CATEGORY TOTAL |
|---|-----------|--|----------------|
| Bond Authorizations | 1144 | Clean Water Fund Bond Receipts | 1,620,000 |
| Bond Authorizations | 1159 | Drinking Water Fund Bond Receipts | 1,020,000 |
| Bond Authorizations | 1163 | Certificates of Participation | 14,345,000 |
| | | Subtotal | 16,985,000 |
| Constitutionally Dedicated Fund Sources | 1024 | Fish and Game Fund | 26,450,500 |
| Constitutionally Dedicated Fund Sources | 1030 | School Fund (Cigarette Tax) | 28,600,000 |
| Constitutionally Dedicated Fund Sources | 1031 | Second Injury Fund Reserve Account | 3,183,400 |
| Constitutionally Dedicated Fund Sources | 1032 | Fishermen's Fund | 1,316,500 |
| Constitutionally Dedicated Fund Sources | 1066 | Public School Fund | 12,746,400 |
| Constitutionally Dedicated Fund Sources | 1111 | Fishermans Fund Income | 115,000 |
| | | Subtotal | 72,411,800 |
| Federal Funds | 1002 | Federal Receipts | 2,402,222,590 |
| Federal Funds | 1013 | Alcoholism & Drug Abuse Revolving Loan | 2,000 |
| Federal Funds | 1014 | Donated Commodity/Handling Fee Account | 311,800 |
| Federal Funds | 1016 | Federal Incentive Payments | 2,790,800 |
| Federal Funds | 1033 | Surplus Property Revolving Fund | 479,200 |
| Federal Funds | 1043 | Impact Aid for K-12 Schools | 20,791,000 |
| Federal Funds | 1063 | National Petroleum Reserve Fund | 34,556,557 |
| Federal Funds | 1133 | Indirect Cost Reimbursement | 1,161,700 |
| | | Subtotal | 2,462,315,647 |
| Permanent Fund | 1041 | Permanent Fund Earnings Reserve Account | 1,130,512,700 |
| Permanent Fund | 1050 | Permanent Fund Dividend Fund | 20,852,300 |
| Permanent Fund | 1105 | Alaska Permanent Fund Corporation Receipts | 54,740,500 |
| | | Subtotal | 1,206,105,500 |
| Trust Fund Sources | 1017 | Benefits Systems Receipts | 17,580,900 |
| Trust Fund Sources | 1018 | Exxon Valdez Oil Spill Settlement | 4,976,300 |
| Trust Fund Sources | 1023 | FICA Administration Fund Account | 145,500 |
| Trust Fund Sources | 1029 | Public Employees Retirement Fund | 26,033,600 |
| Trust Fund Sources | 1034 | Teachers Retirement System Fund | 12,819,200 |
| Trust Fund Sources | 1042 | Judicial Retirement System | 304,200 |
| Trust Fund Sources | 1045 | National Guard Retirement System | 204,500 |
| Trust Fund Sources | 1053 | Investment Loss Trust Fund | 2,990,500 |
| Trust Fund Sources | 1092 | Mental Health Trust Authority Authorized Receipts | 12,649,600 |
| Trust Fund Sources | 1094 | Mental Health Trust Administration | 1,199,100 |
| Trust Fund Sources | 1142 | Retiree Health Ins Fund/Major Medical | 23,700 |
| Trust Fund Sources | 1143 | Retiree Health Ins Fund/Long-Term Care Fund | 37,100 |
| | | Subtotal | 78,964,200 |
| Other Funds (recast) | 1139 | AHFC Dividend | 41,137,200 |
| Other Funds (recast) | 1140 | AIDEA Dividend | 16,416,000 |
| Other Funds (recast) | 1150 | ASLC Dividend | 4,119,000 |
| Other Funds (recast) | 1180 | Alcohol & Other Drug Abuse Treatment & Prevention Fund | 21,400,000 |
| Other Funds (recast) | 1181 | Alaska Veterans' Memorial Endowment Fund | 10,100 |
| | | Subtotal | 83,082,300 |

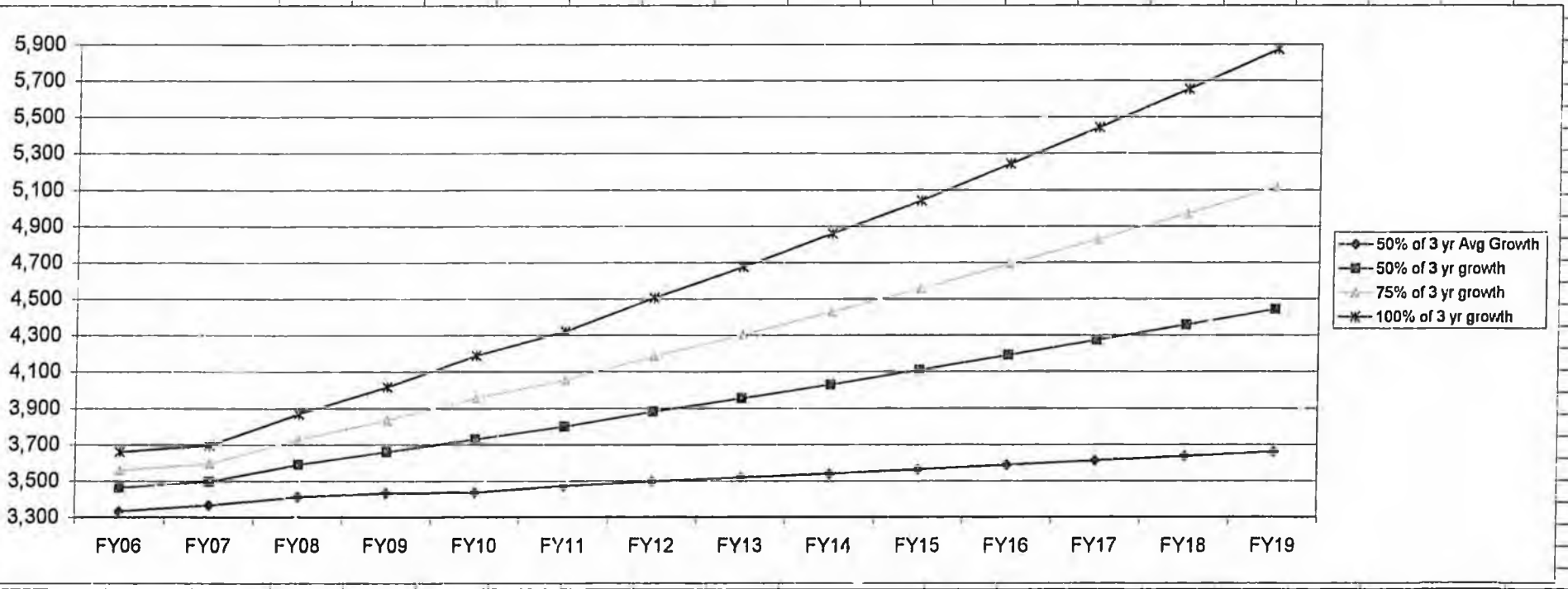
Table 1
Fund Source Categories for Potential Inclusion/Exclusion Under a Spending Limit

| GROUP TITLE | FUND CODE | FUND NAME | CATEGORY TOTAL |
|--------------------------------|-----------|---|----------------|
| Statutorily Restricted Sources | 1010 | University of Alaska Interest Income | 0 |
| Statutorily Restricted Sources | 1015 | U/A Dormitory/Food/Auxiliary Service | 0 |
| Statutorily Restricted Sources | 1021 | Agricultural Loan Fund | 2,230,200 |
| Statutorily Restricted Sources | 1027 | International Airport Revenue Fund | 91,406,915 |
| Statutorily Restricted Sources | 1035 | Veterans Revolving Loan Fund | 60,200 |
| Statutorily Restricted Sources | 1036 | Commercial Fishing Loan Fund | 4,172,900 |
| Statutorily Restricted Sources | 1038 | U/A Student Tuition/Fees/Services | 0 |
| Statutorily Restricted Sources | 1039 | U/A Indirect Cost Recovery | 0 |
| Statutorily Restricted Sources | 1040 | Real Estate Surety Fund | 254,500 |
| Statutorily Restricted Sources | 1046 | Student Revolving Loan Fund | 27,500 |
| Statutorily Restricted Sources | 1048 | University Restricted Receipts | 276,507,800 |
| Statutorily Restricted Sources | 1049 | Training and Building Fund | 707,000 |
| Statutorily Restricted Sources | 1054 | State Employment & Training Program | 5,639,700 |
| Statutorily Restricted Sources | 1057 | Small Business Loan Fund | 3,500 |
| Statutorily Restricted Sources | 1059 | Correctional Industries Fund | 5,113,800 |
| Statutorily Restricted Sources | 1062 | Power Project Loan Fund | 835,200 |
| Statutorily Restricted Sources | 1065 | Rural Electrification Revolving Loan Fund | 330,000 |
| Statutorily Restricted Sources | 1067 | Mining Revolving Loan Fund | 5,200 |
| Statutorily Restricted Sources | 1068 | Child Care Revolving Loan Fund | 6,400 |
| Statutorily Restricted Sources | 1069 | Historical District Revolving Loan Fund | 2,500 |
| Statutorily Restricted Sources | 1070 | Fisheries Enhancement Revolving Loan Fund | 347,300 |
| Statutorily Restricted Sources | 1071 | Alternative Energy Revolving Loan Fund | 143,800 |
| Statutorily Restricted Sources | 1074 | Bulk Fuel Revolving Loan Fund | 51,000 |
| Statutorily Restricted Sources | 1076 | Marine Highway System Fund | 86,945,400 |
| Statutorily Restricted Sources | 1093 | Clean Air Protection Fund | 3,772,900 |
| Statutorily Restricted Sources | 1098 | Children's Trust Fund Earnings | 449,800 |
| Statutorily Restricted Sources | 1101 | Alaska Aerospace Development Corporation Receipts | 10,972,700 |
| Statutorily Restricted Sources | 1102 | Alaska Industrial Development & Export Authority Receipts | 4,208,300 |
| Statutorily Restricted Sources | 1103 | Alaska Housing Finance Corporation Receipts | 16,743,300 |
| Statutorily Restricted Sources | 1104 | Alaska Municipal Bond Bank Receipts | 1,299,200 |
| Statutorily Restricted Sources | 1106 | Alaska Post-Secondary Education Commission Receipts | 8,977,700 |
| Statutorily Restricted Sources | 1107 | Alaska Energy Authority Corporate Receipts | 1,067,100 |
| Statutorily Restricted Sources | 1112 | International Airports Construction Fund | 78,207,639 |
| Statutorily Restricted Sources | 1117 | Vocational Rehabilitation Small Business Enterprise Fund | 365,000 |
| Statutorily Restricted Sources | 1145 | Art in Public Places Fund | 75,600 |
| Statutorily Restricted Sources | 1147 | Public Building Fund | 8,437,100 |
| Statutorily Restricted Sources | 1151 | Technical Vocational Education Program Account | 4,561,500 |
| Statutorily Restricted Sources | 1164 | Rural Development Initiative Fund | 43,800 |
| Statutorily Restricted Sources | 1168 | Tobacco Use Education and Cessation Fund | 5,395,600 |
| Statutorily Restricted Sources | 1169 | PCE Endowment Fund | 7,952,000 |
| Statutorily Restricted Sources | 1170 | Small Business Economic Development Revolving Loan Fund | 42,600 |
| Statutorily Restricted Sources | 1173 | Miscellaneous Earnings | 80,559,800 |
| Statutorily Restricted Sources | 1179 | Passenger Facility Charges | 12,489,299 |
| | | Subtotal | 720,411,753 |

Table 1
Fund Source Categories for Potential Inclusion/Exclusion Under a Spending Limit

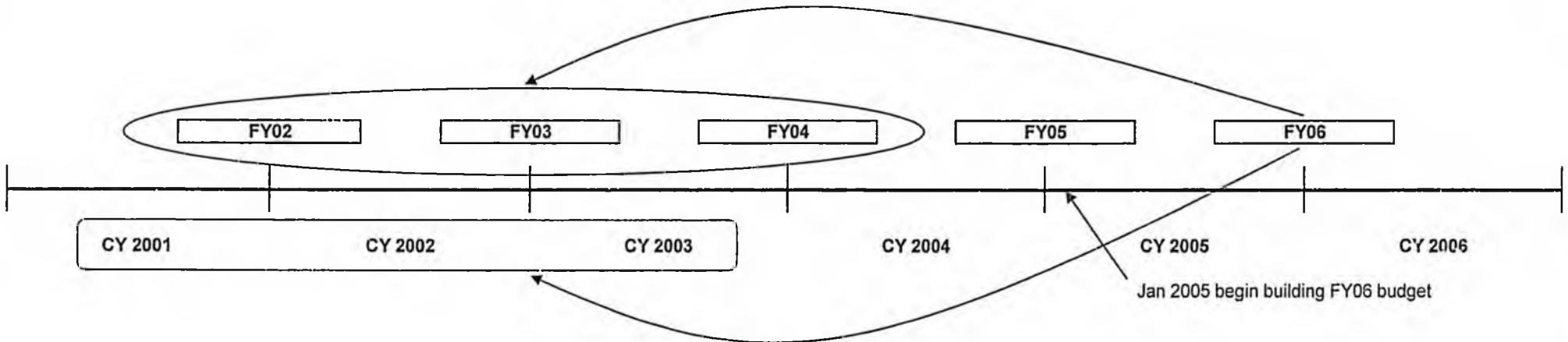
| GROUP TITLE | FUND CODE | FUND NAME | CATEGORY TOTAL |
|----------------------------------|-----------|--|----------------|
| General Purpose Sources (recast) | 1003 | General Fund Match | 323,155,050 |
| General Purpose Sources (recast) | 1004 | General Fund Receipts | 1,858,686,800 |
| General Purpose Sources (recast) | 1005 | General Fund/Program Receipts | 21,610,300 |
| General Purpose Sources (recast) | 1037 | General Fund / Mental Health | 99,774,200 |
| General Purpose Sources (recast) | 9999 | No specific fund source | |
| | | Subtotal | 2,303,226,350 |
| | | HB 325/SB 226 Proposed Change to General Fund | |
| Statutorily Restricted Sources | 1108 | Statutory Designated Program Receipts | 117,281,500 |
| Statutorily Restricted Sources | 1109 | Test Fisheries Receipts | 2,652,700 |
| Statutorily Restricted Sources | 1141 | RCA Receipts | 6,143,800 |
| Statutorily Restricted Sources | 1152 | AK Fire Standards Council Receipts | 226,300 |
| Statutorily Restricted Sources | 1153 | State Land Disposal Income Fund | 7,818,500 |
| Statutorily Restricted Sources | 1154 | Shore Fisheries Development Lease Program | 329,400 |
| Statutorily Restricted Sources | 1155 | Timber Sale Receipts | 693,700 |
| Statutorily Restricted Sources | 1156 | Receipt Supported Services | 74,046,410 |
| Statutorily Restricted Sources | 1157 | Workers Safety and Compensation Administration Account | 4,210,400 |
| Statutorily Restricted Sources | 1162 | Alaska Oil & Gas Conservation Commission Rcpts | 4,112,900 |
| Statutorily Restricted Sources | 1166 | Commercial Passenger Vessel Environmental Compliance Fund | 706,900 |
| Permanent Fund | 1171 | PF Dividend Appropriations in lieu of Dividends to Criminals | 12,854,800 |
| Statutorily Restricted Sources | 1172 | Building Safety Account | 1,603,700 |
| Other Funds (recast) | 1175 | Business License Receipts | 2,173,000 |
| | | Subtotal | 218,222,510 |
| | | Grand Total | 7,161,725,060 |

| | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | | | | | | |
|----|---------------------------------|-------|-------|-------|-------|--|-------|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--|--|--|--|--|
| 1 | Variables: | | | | | | | CS HJR 9 (FIN) | | | | | | | | | | | | | | | | | |
| 2 | Inflation | 3% | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Population | 1% | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 50% Avg annual growth (3 yrs) | 2% | | | | FY06 is the first calculated year and uses FY02-04 (based on the exemptions) for the base. | | | | | | | | | | | | | | | | | | | |
| 5 | 50% of 3 yr Avg Growth | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | | | | | | |
| 6 | "the avg annual rate of change" | 3,300 | 3,200 | 3,300 | 3,400 | 3,332 | 3,366 | 3,411 | 3,433 | 3,437 | 3,471 | 3,496 | 3,516 | 3,537 | 3,564 | 3,587 | 3,610 | 3,634 | 3,659 | | | | | | |
| 7 | annual growth | | | | | (68) | 34 | 45 | 22 | 4 | 34 | 24 | 21 | 21 | 27 | 22 | 23 | 24 | 25 | | | | | | |
| 8 | annual % change | | | | | | 1.02% | 1.33% | 0.66% | 0.11% | 1.00% | 0.70% | 0.59% | 0.60% | 0.76% | 0.63% | 0.65% | 0.66% | 0.68% | | | | | | |
| 9 | Inflation | 3% | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Population | 1% | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | 50% of 3 year growth | 6% | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | 50% of 3 yr growth | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | | | | | | |
| 13 | "the rate of change" | 3,300 | 3,200 | 3,300 | 3,400 | 3,463 | 3,498 | 3,591 | 3,661 | 3,728 | 3,798 | 3,880 | 3,953 | 4,030 | 4,109 | 4,191 | 4,273 | 4,357 | 4,443 | | | | | | |
| 14 | annual growth | | | | | 63 | 35 | 93 | 70 | 67 | 70 | 81 | 73 | 79 | 82 | 81 | 84 | 86 | | | | | | | |
| 15 | annual % change | | | | | | 1.02% | 2.65% | 1.95% | 1.84% | 1.88% | 2.14% | 1.89% | 1.96% | 1.97% | 1.99% | 1.94% | 1.97% | 1.97% | | | | | | |
| 16 | Inflation | 3% | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | Population | 1% | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | 75% of 3 year growth | 9% | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | 75% of 3 yr growth | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | | | | | | |
| 20 | "the rate of change" | 3,300 | 3,200 | 3,300 | 3,400 | 3,561 | 3,597 | 3,728 | 3,836 | 3,955 | 4,055 | 4,185 | 4,304 | 4,431 | 4,558 | 4,694 | 4,830 | 4,972 | 5,117 | | | | | | |
| 21 | annual growth | | | | | 161 | 36 | 131 | 108 | 119 | 100 | 130 | 119 | 127 | 127 | 137 | 135 | 142 | 145 | | | | | | |
| 22 | annual % change | | | | | | 1.02% | 3.64% | 2.89% | 3.11% | 2.53% | 3.21% | 2.84% | 2.95% | 2.86% | 3.00% | 2.88% | 2.94% | 2.91% | | | | | | |
| 23 | Inflation | 3% | | | | | | | | | | | | | | | | | | | | | | | |
| 24 | Population | 1% | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | 100% of 3 year growth | 12% | | | | | | | | | | | | | | | | | | | | | | | |
| 26 | 100% of 3 yr growth | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | | | | | | |
| 27 | "the rate of change" | 3,300 | 3,200 | 3,300 | 3,400 | 3,659 | 3,696 | 3,867 | 4,015 | 4,190 | 4,323 | 4,507 | 4,677 | 4,860 | 5,042 | 5,243 | 5,443 | 5,654 | 5,872 | | | | | | |
| 28 | annual growth | | | | | 259 | 37 | 171 | 148 | 174 | 133 | 184 | 170 | 184 | 182 | 201 | 200 | 211 | 218 | | | | | | |
| 29 | annual % change | | | | | | 1.02% | 4.63% | 3.82% | 4.34% | 3.18% | 4.26% | 3.77% | 3.93% | 3.74% | 3.98% | 3.81% | 3.88% | 3.85% | | | | | | |



How FY06 Will Be Calculated

Base Year = 3 yr average



Adjust base year avg by
50% of average growth of
CPI & Pop during these yrs

Jan 2005 begin building FY06 budget



ALASKA

National Federation of Independent Business

Statement of Support for HJR 9

Appropriation and Spending Limit

January 23, 2004

The Alaska Chapter of the National Federation of Independent Business has 2,500 members, making it the largest small-business advocacy group in the state. The legislative agenda of NFIB is determined by ballot. The ballot is a poll of the membership on a series of issues.

Following are the ballot results in response to the following question: Do you support an amendment to the Alaska Constitution that limits appropriation increases to no more than 2 percent per year?

55% YES 26% NO 19% Undecided

A majority of NFIB members support an amendment to the Alaska Constitution that limits appropriation increases to no more than 2 percent per year. While not garnering enough support to take an official position, the following related question was also posed to the membership.

Should a limited increment for inflation be included for formula-driven programs such as education and Medicaid?

47% YES 33% NO 20% Undecided

Vote YES on HJR 9

Submitted by Thyas Shaub on behalf of NFIB/Alaska.

HJR 9

Constitutional Appropriation and Spending Limit

Prepared for
the House Judiciary Committee
May 9, 2003

What's the difference between an appropriation and spending?

appropriation is the amount and purpose for which the legislature directs the governor to spend state money².

- The **power of appropriation** is granted to the legislature so that they may pass a reasonable and balanced budget each state fiscal year.

spending is the amount of state money² the governor actually spends. In some years, spending is less than the amount appropriated by the legislature, and in some years it exceeds the appropriation level and the governor must ask for additional legislative approval to spend beyond the initial amount appropriated.

- The **powers and duties** of the governor require that the governor conduct state business as required by law. He has the ability to adjust spending within appropriations without consent of the legislature.

2. State money consists of state revenues, federal receipts and all other fund sources

A practical example:

Appropriation is equated to the limit available on your personal credit card.

Spending is how much you actually charge within that pre-assigned limit.



Appropriation VS Spending



Doesn't Alaska already have a constitutional appropriation and spending limit?

Yes, but it no longer guides the legislature or governor in managing state spending as intended.

- The existing limit has grown faster than Alaska's revenues and appropriations. Today, more than \$6.4 billion¹ state funds would need to be appropriated to be at risk of exceeding the limit.
- It was assumed that legislative appropriations should increase at the same rate as population and inflation.
- The legislature currently appropriates approximately \$3.4 billion¹ state funds.

¹ state funds excluding the items presented in HJR 9 section 1(a)(1-10)

Alaska also has a statutory spending limit. (AS 35.05.540)

Statutory Appropriation Limit

Excludes appropriations:

1. of revenue bond proceeds
 2. of principal and interest payments on GO bonds
 3. of revenues of state corporations that issue revenue bonds
 4. to the permanent fund and dividends
 5. of trust fund receipts
 6. money already appropriated (reappropriations)
 7. disaster payments as declared by the Governor
- no exclusion for Federal receipts unless interpreted as "a Trust"
 - use of the budget reserve fund to appropriate out of the fund no more than 25% of the fund balance for state revenue needs
 - growth = population and inflation growth from prior year, non-accumulative growth (approximately \$250 million per year)
 - no provision to exceed limit
-

How is this appropriation limit different from the existing limit?

The existing appropriation limit:

- Was developed at a time before Permanent fund dividends, before many state corporations were established and there was no general obligation bond debt in 1980. Therefore, calculating the base is open to interpretation.
- Is based on population and inflation growth, sometimes as great as 13% annually. Variations in calculating the rate provided as many as eight different base amounts in one fiscal year. The statutory appropriation limit tried to resolve this variable by identifying which data to calculate the inflation and population growth from.

To date, the constitutional appropriation limit has grown at a rate that far exceeds anticipated spending required by the state's programs, leaving the legislature with essentially no limit or control. Today, annual appropriation limits are self-imposed by the legislature with no specific guidelines to determine "how much".

- Requires that one third of all state appropriations be spent on capital projects – an admirable concept when the state was developing its core infrastructure. However, a more correct term would have been "capital improvements" so that large general purchases or extended lapse dates on some appropriations would not be counted as capital projects.

For example: *Is a long-term contract for software design really a capital improvement?*

HJR 9 provides for steady but limited appropriation growth over time.

HJR 9 provided that 2% of a base year's appropriation may be added to the budget that the legislature is currently reviewing. (Approximately \$33 million per year, or \$66 million from the most recent final state fiscal year.)

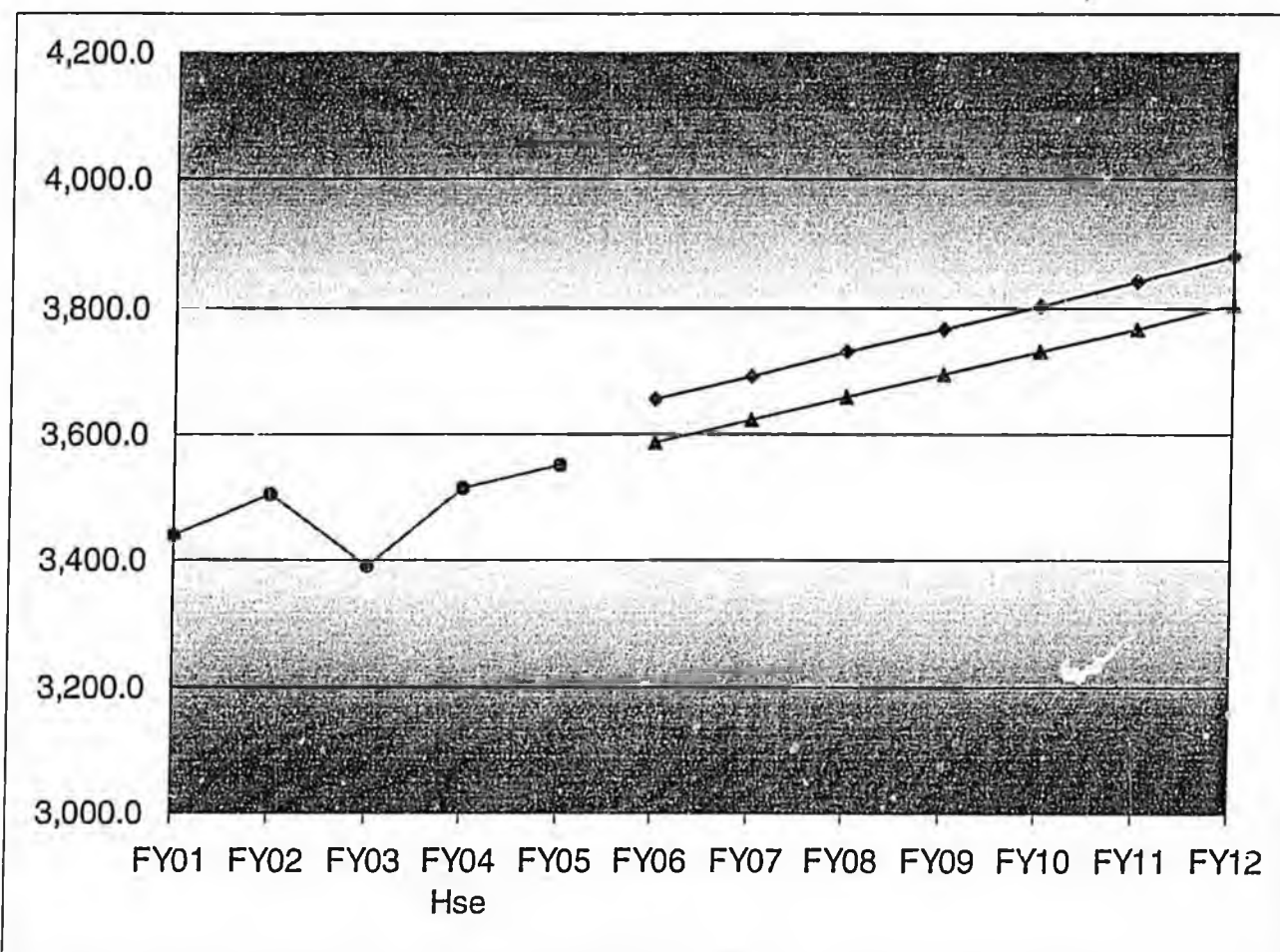
- This limit would be in place during times of decreased revenues to insure that growth does not exceed revenue expectations
- This limit would be in place during times of revenue windfalls so that the state would be encouraged to save for "rainy days" rather than spend

In addition to the 2% cumulative growth, the legislature may appropriate **an additional 2%** to meet needs of the state if \$33 million is not enough for one year's growth

- To acquire the additional 2%, a three-quarter vote of the legislature is required,
- The additional 2% growth would provide another \$33 million dollars to be added to the appropriation equaling approximately \$66 million each year.
- The additional 2% growth is not added into the cumulative base year's calculation so that the appropriation limit does not begin to grow exponentially as it did with population and inflation guidelines.

Following is a projected growth chart using the 2% plus 2% scenario

This chart illustrates a stable and reasonable pattern for future appropriation growth in state government.



Key factors regarding the growth chart:

1. the preceding fiscal years are not stable showing fluctuations of approximately \$200 million in three year's time

| | | |
|------|-----------------|------------------------|
| FY01 | \$3.441 billion | base year |
| FY02 | \$3.504 billion | Increase \$63 million |
| FY03 | \$3.391 billion | decrease \$113 million |
| Fy04 | \$3.515 billion | increase \$124 million |

2. For the preceding fiscal years, had the 2% growth factor been implemented, the budgets would have looked more like this:

| | | |
|------|-----------------|-----------------------|
| FY01 | \$3.441 billion | base year |
| FY02 | \$3.475 billion | Increase \$34 million |
| FY03 | \$3.509 billion | Increase \$34 million |
| Fy04 | \$3.544 billion | Increase \$35 million |

3. Future fiscal years appear stable showing reasonable growth and reducing erratic appropriation swings

How do you calculate the base amount?

Simply: After excluding certain appropriations, 2% is calculated from the most recent final fiscal year (two fiscal years prior to the one considered).

HJR 9 excludes nine specific state appropriations because there is limited control over the amount available for appropriation, or the appropriations are already voter approved.

- (1) **an appropriation to the Alaska Permanent Fund** – this includes inflation-proofing and additional deposits greater than required by constitution or statute.
- (2) **An appropriation of Alaska Permanent Fund income for payments of permanent fund dividends to State residents** – because there is a formula for calculating the amount of the dividends each year, and there is no legislative control over the number of residents eligible for the dividend, this appropriation is excluded.
- (3) **An appropriation to meet a state of disaster declared by the governor as prescribed by law** – natural and economic disasters are unpredictable and are therefore exempt from the appropriation limit
- (4) **An appropriation for the Alaska Railroad** – this quasi-state corporation is exempt for all financial matters of state accounting

-
- (5) **an appropriation of State general obligation and revenue bond proceeds** – bonds are voter approved and cannot be adjusted by the legislature without additional voter approval
- (6) **an appropriation required to pay obligations under general obligation bonds, revenue bonds, and certificates of participation issued by the State** – similar to item (5) and includes certificates of participation, such as long term lease agreements with growth factors calculated into terms of the lease
- (7) **an appropriation of money received from the federal government** – the state is not limited to the amount of federal funding it can receive and spend, nor will the base calculation be reduced if federal funding is decreased for any reason
- (8) **An appropriation of money for expenditure by a State agency to provide services to another state agency that has also received an appropriation of the same money** – fondly called “duplicated funds”. This is money where two or more state agencies must acquire expenditure authority to spend the same money. For example, the department of revenue must contract with the department of law for legal services – revenue spends \$1 million for legal services and Law spends the same \$1 million actually completing the task. This is not considered a \$2 million expenditure, and under this provision, \$1 million would be excluded from the limit.
- (9) **An appropriation made under (b) of this section** – this is the exclusion that instructs the legislature and governor how to calculate the base. This language tells us:
- Do include the first 2% growth in future years’ base fiscal year for purposes of determining the 2% growth amount – this 2% growth is not listed as a subsection of paragraph (a), therefore not excluded
 - Do **not** count the above mentioned nine exclusions in the appropriation limit
 - Do **not** count the above nine exclusions in the base fiscal year for purposes of determining the 2% growth amount
 - Do **not** include the additional 2% growth in future years’ base fiscal year for purposes of determining the growth amount

The following sub-section was moved to the introductory paragraph (a) but maintains the same effect.

(a) an appropriation of money already appropriated under an unobligated appropriation that is not void under Section 13 of this article - this is what we call "reappropriations". Since the money was counted in a prior fiscal year, it is not counted again.

How does Alaska's government grow at a rate to accommodate and attract future economic growth?

First, Alaska must show that stable government spending is planned

Second, stability in government is more attractive to prospective businesses than a sporadic, feast and famine approach

Third, if Alaska is viewed as a positive state for business development, corporations will make the initial investment to establish themselves here. Alaska could support business growth through excluded appropriations such as bonding for capital infrastructure growth.

Fourth, - although this would be subject to legal interpretation - in the event state money for infrastructure or fiscal support for significant economic growth is not available, and the state could prove that the potential economic loss could be determined to be a disaster, it would be excluded from the limit.

Economic disaster is typically viewed as an economic loss but there may be room for interpretation that economic loss would be created if additional assistance grants or capital projects were not appropriated timely to improve the state's overall economic health.

What happens if this Constitutional appropriation limit does not work?

The sponsor proposed an appropriation limit that contained a "sunset" provision where it would last for six years and then is placed on the ballot for Alaska's citizens to reconsider it or consider a changed appropriation and spending limit.

- If you like this version, you can vote for it, as is, in six years.
- If you don't like this version, you can vote on a revised provision that a future legislature would have to draft and pass - maybe their suggested language would be to repeal an appropriation limit all together, or just fine-tune what is before us today.

The original language was:

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

Section 30. Transition; Reconsideration of Appropriation and Spending Limit. If the 2003 amendment relating to an appropriation and spending limit (art. 10 IX, sec. 16) is adopted, the lieutenant governor shall place the ballot title and proposition for the amendment on the ballot again at the general election in 2006 and every six years thereafter unless it is rejected. If the majority of those voting on the proposition rejects the proposition, Section 16 of Article IX is repealed on the date the election is certified.

The House State Affairs Committee removed the language so that this language would remain in the Constitution indefinitely. The general premise for removing the sunset provision was that the Constitution is revered as a more permanent document and guide for the state. Having a temporary provision did not seem to carry the weight that is standard for Constitutional language.

If the language does not work, a new resolution would be drafted and put before the voters, but until that time, this language will become permanent.