

CONSTITUTIONAL CONVENTION 320.9
Chief Clerks File - Com Proposal No.9

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Constitutional Convention
Committee Proposal/9/Engrossed
January 18, 1956

Constitutional Convention of Alaska

COMMITTEE PROPOSAL NO. 9

Introduced by Committee on Finance and Taxation

ARTICLE ON FINANCE AND TAXATION

RESOLVED, that the following be agreed upon as part
of the Alaska State Constitution.

- Taxing Power 1 Section 1. The power of taxation shall never be
2 surrendered; and shall never be suspended or contracted
3 away, except as provided herein.
- Taxation of 4 Section 2. The lands and other property belonging
Non-residents 5 to citizens of the United States residing without the
6 State shall never be taxed at a higher rate than the
7 lands and other property belonging to the residents
8 of the State.
- Assessment 9 Section 3. The legislature shall establish the
of 10 standards for [ASSESSMENT] appraisal of all
Property 11 property assessed locally or by the State.
- Exemptions 12 Section 4. The real and personal property of the
from 13 State and of its political subdivisions shall be exempt
Taxation 14 from taxation under such conditions and with such
15 exceptions as the legislature may direct. All or any
16 portion of property used exclusively for non-profit

1 religious, charitable, cemetery, or educational
2 purposes as defined by law, is exempt from taxation.

3 Other exemptions of like or different kind may
4 be granted by general law; and until otherwise pro-
5 vided by law, all exemptions from taxation validly
6 granted are retained.

Taxation of
Interests in
U.S. Property

7 Section 5. Private leaseholds, contracts, or
8 other interests in land or property owned or held
9 by the United States, ^{the} state and its political sub-
10 divisions, shall be taxable to the extent of the
11 interests.

Taxation for
Public
Purpose

12 Section 6. No tax shall be levied or appropri-
13 ation of public money made or public property trans-
14 ferred, nor shall the public credit be used, except
15 for a public purpose.

Earmarking
Restricted

16 Section 7. ALL REVENUES SHALL BE DEPOSITED IN
17 THE STATE TREASURY WITHOUT ALLOCATION FOR SPECIAL
18 PURPOSES, 7 The proceeds of any state tax or license
19 or part thereof shall not be allocated to any special
20 purpose, except where state participation in Federal
21 programs will thereby be denied. This provision shall
22 not prohibit the continuance of any allocation for
23 special purposes existing upon the date of ratification
24 of this Constitution by the people of Alaska.

Debt
Contraction
Restricted

1 [SECTION 8. NO DEBT SHALL BE CONTRACTED BY OR
2 IN BEHALF OF THE STATE, OR ANY POLITICAL SUBDIVISION
3 THEREOF, UNLESS THE DEBT SHALL BE AUTHORIZED BY LAW
4 FOR CAPITAL IMPROVEMENTS SPECIFIED THEREIN AND BE
5 APPROVED BY A MAJORITY OF THE QUALIFIED VOTERS OF THE
6 STATE OR OF THE RESPECTIVE POLITICAL SUBDIVISION
7 VOTING ON THE QUESTION, PROVIDED THAT THE STATE MAY
8 BY LAW CONTRACT DEBT FOR THE PURPOSE OF REPELLING
9 INVASION, SUPPRESSING INSURRECTION, DEFENDING THE
10 STATE IN WAR, MEETING NATURAL CATASTROPHIES, OR RE-
11 DEEMING OUTSTANDING INDEBTEDNESS OF THE STATE AT THE
12 TIME THIS CONSTITUTION BECOMES EFFECTIVE.] Section 8.
13 No debt shall be contracted by or in behalf of the
14 State unless the debt shall be authorized for capital
15 improvements by a majority vote in each house with
16 ratification by a majority of the qualified voters of
17 the state voting on the question, provided that the
18 State may by law contract debt for the purpose of
19 repelling invasion, suppressing insurrection, defending
20 the State in war, meeting natural catastrophes, or
21 redeeming outstanding indebtedness of the State at the
22 time this Constitution becomes effective.
23 Section 9. Unless authorized by law for capital
24 improvements, no debt shall be contracted by or in be-
25 half of any political subdivision of the State and then

1 only upon approval of not less than a majority of
2 those voting on the question within the respective
3 political subdivision and qualified to vote on the
4 particular issue as prescribed by law. Additional
5 requirements and qualifications of voters may be
6 provided by law.

Tax
Anticipation
Notes

7 Section [9] 10. The State and its political
8 subdivisions may by law borrow money to meet appropri--
9 ations for any fiscal year in anticipation of the
10 collection of the revenues of that year, but all debt
11 so contracted shall be paid prior to the end of the
12 next fiscal year.

Revenue
Debt

13 Section [10] 11. The restrictions in this
14 Constitution on the contraction of debt do not apply
15 to refunding indebtedness of the State or any political
16 subdivision thereof; to indebtedness incurred under
17 revenue bond statutes by a public enterprise of the
18 state or political subdivision, or by a public corpor-
19 ation, when the only security for such indebtedness is
20 the revenues of the enterprise or public corporation;
21 [OR TO INDEBTEDNESS INCURRED UNDER SPECIAL IMPROVEMENT
22 STATUTES WHEN THE ONLY SECURITY FOR SUCH INDEBTEDNESS
23 IS THE PROPERTIES BENEFITED OR IMPROVED OR THE ASSESS-
24 MENTS THEREON.] or to special assessments.

Governor's
Budget

1 Section 11 12. At such time as may be pre-
2 scribed by law, the governor shall submit to the
3 legislature a budget setting forth a complete plan
4 of proposed expenditures and anticipated income of
5 all departments, offices and agencies of the State
6 for the next fiscal year. At the time of submitting
7 the budget to the legislature, the governor shall also
8 submit a general appropriation bill to authorize all
9 proposed expenditures set forth in the budget. At the
10 same time he shall submit to the legislature a bill or
11 bills covering all recommendations in the budget for
12 new or additional revenues.

Expenditure
of Money

13 Section 12 13. No money shall be withdrawn
14 from the treasury except in accordance with appropri-
15 ations made by law, nor shall any obligation for the
16 payment of money be incurred except as authorized by
17 law. All unobligated appropriations outstanding at
18 the end of a period of time specified by law shall be
19 void.

Legislative
Post-audit

20 Section 13 14. The legislature shall appoint
21 an auditor who is a certified public accountant and
22 who shall serve during its pleasure. It is the duty
23 of the auditor to conduct such post-audits as may be
24 prescribed by law and to report to the GOVERNOR
25 legislature and the LEGISLATURE governor.

Territorial
Debt Assumed

1 Section [14] 15. The debts and liabilities of
2 the Territory of Alaska shall be assumed and paid by
3 the State of Alaska, and debts owed to the Territory
4 of Alaska shall be collected by the State. Assets
5 of the Territory of Alaska shall become assets of
6 the State.

F I R S T E N R O L L E D C O P Y

Constitutional Convention
Committee Proposal/9/Enrolled
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6 the State shall never be taxed at a higher rate than
7 the lands and other property belonging to the
8 residents of the State.

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of 10 standards for appraisal of all property assessed
Property 11 locally or by the State.

Exemptions 12 Section 4. The real and personal property of the
from 13 State and of its political subdivisions shall be ex-
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15 exceptions as the legislature may direct. All or any
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1 religious, charitable, cemetery, or educational
2 purposes as defined by law, is exempt from taxation.

3 Other exemptions of like or different kind may
4 be granted by general law; and until otherwise pro-
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6 granted are retained.

Taxation of
Interests in
U.S. Property

7 Section 5. Private leaseholds, contracts, or
8 other interests in land or property owned or held
9 by the United States, ^{the} state and its political sub-
10 divisions, shall be taxable to the extent of the
11 interests.

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12 Section 6. No tax shall be levied or appropri-
13 ation of public money made or public property trans-
14 ferred, nor shall the public credit be used, except
15 for a public purpose.

Earmarking
Restricted

16 Section 7. The proceeds of any state tax or
17 license or part thereof shall not be allocated to
18 any special purpose, except where state participa-
19 tion in Federal programs will thereby be denied.
20 This provision shall not prohibit the continuance of
21 any allocation for special purposes existing upon
22 the date of ratification of this Constitution by the
23 people of Alaska.

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24 Section 8. No debt shall be contracted by or in
25 behalf of the State unless the debt shall be

1 authorized for capital improvements by a majority vote
2 in each house with ratification by a majority of the
3 qualified voters of the state voting on the question,
4 provided that the State may by law contract debt for
5 the purpose of repelling invasion, suppressing insur-
6 rection, defending the State in war, meeting natural
7 catastrophes, or redeeming outstanding indebtedness
8 of the State at the time this Constitution becomes
9 effective.

10 Section 9. Unless authorized by law for capital
11 improvements, no debt shall be contracted by or in be-
12 half of any political subdivision of the State and
13 then only upon approval of not less than a majority of
14 those voting on the question within the respective
15 political subdivision and qualified to vote on the
16 particular issue as prescribed by law. Additional
17 requirements and qualifications of voters may be
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Anticipation
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19 Section 10. The State and its political subdivi-
20 sions may by law borrow money to meet appropriations
21 for any fiscal year in anticipation of the collection
22 of the revenues of that year, but all debt so con-
23 tracted shall be paid prior to the end of the next
24 fiscal year.

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1 Section 11. The restrictions in this Constitu-
2 tion on the contraction of debt do not apply to re-
3 funding indebtedness of the State or any political
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5 revenue bond statutes by a public enterprise of the
6 state or political subdivision, or by a public cor-
7 poration, when the only security for such indebted-
8 ness is the revenues of the enterprise or public
9 corporation; or to special assessments.

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10 Section 12. At such time as may be prescribed
11 by law, the governor shall submit to the legislature
12 a budget setting forth a complete plan of proposed
13 expenditures and anticipated income of all departments,
14 offices and agencies of the State for the next fiscal
15 year. At the time of submitting the budget to the
16 legislature, the governor shall also submit a general
17 appropriation bill to authorize all proposed expendi-
18 tures set forth in the budget. At the same time he
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2 a period of time specified by law shall be void.

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3 Section 14. The legislature shall appoint an
4 auditor who is a certified public accountant and who
5 shall serve during its pleasure. It is the duty of
6 the auditor to conduct such post-audits as may be pre-
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Budget

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5 all departments, offices and agencies of the State
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7 the budget to the legislature, the governor shall also
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10 same time he shall submit to the legislature a bill or
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19 void.

Legislative
Post-audit

20 Section [13] 14. The legislature shall appoint
21 an auditor who is a certified public accountant and
22 who shall serve during its pleasure. It is the duty
23 of the auditor to conduct such post-audits as may be
24 prescribed by law and to report to the [GOVERNOR]
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Territorial
Debt Assumed

1 Section [14] 15. The debts and liabilities of
2 the Territory of Alaska shall be assumed and paid by
3 the State of Alaska, and debts owed to the Territory
4 of Alaska shall be collected by the State. Assets:
5 of the Territory of Alaska shall become assets of
6 the State.

Amendment No. 5

Constitutional Convention.

By Merland - Committee

Date _____

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended as follows:

*Sec. 5 - line 19 after word "States"
insert a comma and add "the
State and its political subdivisions,"*

*accepted
M/C*

✓

Amendment No. 1

Constitutional Convention

By Committee

Date Jan. 16, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

*Section 3, line 10, strike "assessment"
and insert "appraisal"*

*adopted
u/c*

Amendment no. 14

Constitutional Convention
By Finance and Taxation Committee
January 17, 1956

AMENDMENT TO COMMITTEE PROPOSAL NO. 9

MR. PRESIDENT:

I move that Committee Proposal No. 9 be amended as follows:

Sec. 7, page 2, strike lines 25 and 26, and insert in lieu thereof:

Section 7.
"The proceeds of any state tax or license or part thereof shall not be allocated to any special purpose,"

adopted
roll call

✓

Amendment No. 25

Constitutional Convention
By Delegate Riley

January 17, 1956

AMENDMENT TO COMMITTEE PROPOSAL NO. 9

MR. PRESIDENT:

I move that Committee Proposal No. 9 be amended as follows:

Strike Section 8 and substitute the following two sections and renumber the remaining sections:

"Section 8. No debt shall be contracted by or in behalf of the State unless the debt shall be authorized ^{for capital improvements} ~~either by a two-thirds vote in each house of the legislature, or by a majority vote in each house with ratification by a majority of the qualified voters of the state voting on the question, provided that the State may by law contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural catastrophes, or redeeming outstanding indebtedness of the State at the time this Constitution becomes effective.~~

"Section 9. ^{unless authorized by law} No debt shall be contracted by or in behalf of any political subdivision of the State ~~except~~ ^{not less than} for capital improvements, and then ^{on the particular issue} only upon approval of ~~at least~~ a majority of those voting on the question ^x and qualified to vote [^] as prescribed by law." ^x *Additional requirements and qualifications of voters may be provided by law.*

within the respective political subdivision

adopted roll call

✓

Amendment No. 9

Constitutional Convention

By Committee

Date Jan. 16, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

Section 9. line 18
after "State" add "and its political
subdivisions"

accepted
M/C

Amendment No. 10

Constitutional Convention

By Comm

Date Jan. 16, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

page 4
Sect. 10: line 4, after ; following
corporation strike the rest of the
section and substitute "or to
special assessments."

*adopted
y/c*

Constitutional Convention
January 16, 1956
By: Committee 11

AMENDMENTS TO PROPOSAL NO. 9

Proposed by the Committee on Finance & Taxation

1. Page 2, Section 5: Strike Section 5 and renumber subsequent Sections.
2. Page 2, Section 8, line 25: After the word "all", insert the word "public."
3. Page 3, Section 9, line 15: Strike the word "national" and insert in lieu thereof the word "natural."
4. Page 3, Section 10, line 21: Strike "within one year" and insert in lieu thereof "prior to the end of the next fiscal year."
5. Page 4, Section 13, line 24: Strike the last sentence and insert in lieu thereof, "All appropriations outstanding at the end of a period of time specified by law shall be void."

Amendment No. 12

Constitutional Convention

By R. Rivers

Date Jan 16, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

P 4 Sec 12 Line 25

~~strike word "outstanding"~~ and
~~substitute "unobligated"~~ before
Insert
"appropriation"

adopted
voice vote

Amendment No. 13

Constitutional Convention

By Kilcher

Date Jan. 16, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

Sec. 13
transpose words "governor and
the legislature

*accepted
MK*

✓

Amendment No. _____

Constitutional Convention

By _____

Date _____

AMENDMENT TO (COMMITTEE) PROPOSAL NO. _____

MR. PRESIDENT:

I move that (Committee) Proposal No. _____ be amended
as follows:

*Section 13, page 5
lines 7, & 8 - transpose the words "governor"
and "legislature" so that "legislature"
~~is~~ ~~mentioned~~ is mentioned first.*

Amendment No. 26

Constitutional Convention

By Lundborg

Date 1/17/56

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended as follows:

amendment to amendment by Delegate Rily.

Section 9. Last line.

*insert after "VOTE" the words
"on the particular issue."*

strike "at least" and insert "not less than"

*adopted
office vote
roll call*

Amendment No. 27

Constitutional Convention

By Riley

Date Jan. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. ~~99~~ ⁹

MR. PRESIDENT:

I move that (Committee) Proposal No. ~~99~~ ⁹ be amended

as follows:

*amendment to the amendment to ~~the~~
Section ~~8~~ 8:
after the word "State" in Section new
section 9 strike the comma.*

*accepted
etc*

Amendment No. 28

Constitutional Convention

By Henry V. Fischer

Date Jun. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

*amendment to amendment to Section 8:
line 2 after the word "authorized"
insert the following "for capital
improvements"*

*accepted
u/c*

Amendment No. 29

Constitutional Convention

By Riley

Date Jan. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended as follows:

amendment to the amendment to Section 8: add to new Section 9 the following sentence: "Additional requirements and qualifications of voters may be provided by law."

adopted 4/c

Amendment No. 30

Constitutional Convention

By Riley

Date Jan. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended as follows:

amendment to the amendment to Section 8: insert after the word "question" in new Section 9 the words "within the respective political subdivisions"

*Adopted
M/C*

Amendment No. 31

Constitutional Convention

By Joe Riley

Date Jun. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended as follows:

Amendment to amendment to Section 8: insert the words "unless authorized by law" before the word "no" at the beginning of new section 9 before "no" changing "n" to small "n"

adopted
m/c

Amendment No. 32

Constitutional Convention

By Riley

Date Jan. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. 9

MR. PRESIDENT:

I move that (Committee) Proposal No. 9 be amended
as follows:

Amendment to ~~Section~~ Amendment to
Section 8: strike "except" in line 2 of
new Section 9 and ~~insert~~ ~~for~~
~~capital~~ ~~trans~~ rearrange language
so that the phrase "for capital
improvements" be inserted after the
word "law" in the first sentence ~~of~~

adopted
y/c

Amendment No. ~~27~~³³

Constitutional Convention

By B. White

Date Jan. 17, 1956

AMENDMENT TO (COMMITTEE) PROPOSAL NO. Amend to #9

MR. PRESIDENT:

I move that (Committee) Proposal No. _____ be amended
as follows:

~~#~~
Ref, line 2: strike - "either by a 2/3
vote in each house of the legislature,
or"

adopted
roll call

Constitutional Convention
Committee Proposal/9
December 16, 1955

ALASKA CONSTITUTIONAL CONVENTION
REPORT OF THE COMMITTEE ON
FINANCE AND TAXATION

Hon. William A. Egan
President, Alaska Constitutional Convention

My dear Mr. President:

Your Committee on Finance and Taxation presents for consideration of the Convention its proposed article on Finance and Taxation.

Your Committee considered and incorporated in this report many of the ideas contained in Convention proposals numbered 3, 4, 6 (Sections 8, 10, 11, and 12), 20 and 41.

We include a section-by-section commentary on the proposed article.

Respectfully submitted,

Leslie Nerland, Chairman

Dorothy J. Awes

Frank Barr

James Nolan

Frank Peratrovich

Chris Poulsen

Barrie M. White, Jr.

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	6	State shall never be taxed at a higher rate than the
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Assessment of	9	Section 3. The legislature shall establish the
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	11	locally or by the State.
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3 taxation.

4 Other exemptions of like or different kind may be
5 granted by general law; and until otherwise provided
6 by law, all exemptions from taxation validly granted
7 are retained.

Taxation of
U.S. Property
Prohibited

8 ~~Section 5. No tax shall be imposed upon any lands
9 or other property owned or acquired by the United
10 States, except as allowed by Federal law. Immunity to
11 taxation extends to all property owned by natives which
12 is held in trust by the United States, or over which
13 the United States has complete jurisdiction. Immunity
14 to taxation does not apply to property of individual
15 natives when held in fee without restrictions on
16 alienation.~~

*com.
del.*

Taxation of
Interests in
U.S. property

17 Section 5. Private leaseholds, contracts, or other
18 interests in land or property owned or held by the
19 United States, *the state and its political subdivisions,*
20 shall be taxable to the extent of the
interests.

*

Taxation for
Public
Purpose

21 Section 6. No tax shall be levied or appropriation
22 of public money made or public property transferred,
23 nor shall the public credit be used, except for a
24 public purpose.

Earmarking
Restricted

25 Section 7. [All revenues shall be deposited in the
26 State treasury without allocation for special purposes,
*The proceeds of any state tax or license
or part thereof shall not be allocated
to any special purpose,*]

1 except where state participation in Federal programs
2 will thereby be denied. This provision shall not pro-
3 hibit the continuance of any allocation for special
4 purposes existing upon the date of ratification of this
5 Constitution by the people of Alaska.

Debt
Contraction
Restricted

6 [Section 8. No debt shall be contracted by or in
7 behalf of the State, or any political subdivision
8 thereof, unless the debt shall be authorized by law
9 for capital improvements specified therein and be
10 approved by a majority of the qualified voters of the
11 State or of the respective political subdivision voting
12 on the question, provided that the State may by law
13 contract debt for the purpose of repelling invasion,
14 suppressing insurrection, defending the State in war,
15 meeting ~~national~~ ^{natural} catastrophies, or redeeming outstand-
16 ing indebtedness of the State at the time this

Tax
Anticipation
Notes

17 Constitution becomes effective ^{and its political subdivisions}
18 Section ~~10~~ ⁹ 10. The State may by law borrow money to
19 meet appropriations for any fiscal year in anticipation
20 of the collection of the revenues of that year, but all
21 debt so contracted shall be paid ^{prior to the end of the next fiscal} ~~within one year.~~ _{year.}

Revenue Debt

22 Section ~~11~~ ¹⁰ 11. The restrictions in this Constitution
23 on the contraction of debt do not apply to refunding
24 indebtedness of the State or any political subdivision
25 thereof; to indebtedness incurred under revenue bond

1 statutes by a public enterprise of the state or politi-
2 cal subdivision, or by a public corporation, when the
3 only security for such indebtedness is the revenues of
4 the enterprise or public corporation; [or to indebted-
5 ness incurred under special improvement statutes when
6 the only security for such indebtedness is the pro-
7 perties benefited or improved or the assessments
8 thereon.] *or to special assessments.*

Governor's
Budget

9 Section ^{12.12} 12. At such time as may be prescribed by
10 law, the governor shall submit to the legislature a
11 budget setting forth a complete plan of proposed ex-
12 penditures and anticipated income of all departments,
13 offices and agencies of the State for the next fiscal
14 year. At the time of submitting the budget to the
15 legislature, the governor shall also submit a general
16 appropriation bill to authorize all proposed expendi-
17 tures set forth in the budget. At the same time he
18 shall submit to the legislature a bill or bills cover-
19 ing all recommendations in the budget for new or
20 additional revenues.

Expenditure
of Money

21 Section ¹³ 13 No money shall be withdrawn from the
22 treasury except in accordance with appropriations
23 made by law, nor shall any obligation for the payment
24 of money be incurred except as authorized by law. ~~All~~
25 ~~appropriated funds unexpended at the end of a period of~~
obligated (accrued)
all appropriations outstanding at the end
of a period of time specified by law shall be
void.

1 ~~time specified by law shall be returned to the state~~
2 ~~treasury.~~

Legislative
Post-audit

3 Section ~~13.~~¹⁴ The legislature shall appoint an audi-
4 tor who is a certified public accountant and who shall
5 serve during its pleasure. It is the duty of the
6 auditor to conduct such post-audits as may be pre-
7 scribed by law and to report to the ^{legislature} [governor] and the
8 ^{governor} [legislature].

Territorial
Debt Assumed

9 Section ~~14.~~¹⁵ The debts and liabilities of the Terri-
10 tory of Alaska shall be assumed and paid by the State
11 of Alaska, and debts owed to the Territory of Alaska
12 shall be collected by the State. Assets of the
13 Territory of Alaska shall become assets of the State.

ALASKA CONSTITUTIONAL CONVENTION

Commentary on the Article on Finance and Taxation

(Sec. 1 Taxing Power)

The power to tax is never to be surrendered, but under terms that may be established by the legislature, it may be suspended or temporarily contracted away. This could include industrial incentives, for example.

(Sec. 2 Taxation of Non-residents)

This section and its wording is required by the latest proposed enabling act, H.R. 2535.

(Sec. 3 Uniform Standards for Assessment)

The legislature is authorized to set up, notwithstanding home rule or any system for the selection of assessors, uniform standards of assessment.

(Sec. 4 Exemptions from Taxation)

All property owned by the state and its subdivisions is exempt from taxation unless the legislature directs otherwise. An exception from tax immunity might be appropriate if a government engaged in what is normally a private business, such as operating a ski resort, a moving picture theater, or a swimming pool.

The second sentence of this section is intended to exempt from taxation that part of the property of religious, charitable, cemetery, or educational organizations which is actually used for these purposes, as the legislature may direct. But their property used for other

purposes would be taxable, for example, an office building owned by a college as part of its endowment.

The legislature is authorized to make further tax emptions to encourage, among other purposes, new industry, and all valid current exemptions are continued.

(Sec. 5 Taxation of United States Property)

This section is required by the latest proposed enabling act, H.R. 2535. Even if it were not included, the state could not, under a long line of U.S. Supreme Court cases, tax federal property.

(Sec. 6 Taxation of Private Interests in U.S. Property)

Taxation is permitted of private interests in land or property owned or held by the United States.

(Sec. 7 Public Purpose Clause)

Public purpose clauses are common to most constitutions, and are included to prevent appropriation of public funds for private purposes.

(Sec. 8 Earmarking of Revenues Restricted)

The allocation of certain revenues to special purposes is prohibited, with two exceptions: (1) if required in order to participate in a federal program or (2) if the earmarking is in existence at the time of ratification of the constitution. Even those persons or interests who seek the dedication of revenues for their own projects will admit that the earmarking of taxes or fees for other interests is a fiscal evil. But if allocation is permitted for one interest the denial of it to another is difficult, and the more special funds are set up the more difficult it becomes to deny other requests until the point is reached where neither the governor nor the legislature has any real control over the finances of the state. In one Rocky Mountain state the legislature

is free to appropriate only 17 per cent of the tax collections; the rest are dedicated. In Alaska at present, 27% of territorial funds are earmarked, primarily for school construction and roads.

(Sec. 9 Debt Contraction)

This section forbids state or local debt except in special emergencies or for the purpose of making capital improvements, the proposals for which must be approved by the voters.

(Sec. 10 Tax Anticipation Notes)

This section permits the state to borrow in anticipation of taxes in any fiscal year money to meet appropriations.

(Sec. 11 Refunding and Revenue Debt)

In a period when interest rates fall, a government may save large amounts of money if it can pay off its old high-rate obligations with new funds borrowed at lower rates. This process, here permitted, is called refunding, and the restrictions on the contraction of original debt are unnecessary; they are here made inapplicable. When the state or its subdivisions can contract debts for special purposes (for example, to build a toll bridge) without pledging more than the improvement or the revenues from the enterprise, such debt is permitted without referendum. This provision is sometimes necessary if a state is to take advantage of federal loans at particularly favorable rates.

(Sec. 12 Budget)

This section requires the governor to submit a complete budget and an appropriation bill to authorize the expenditures he proposes. This process is now standard.

(Sec. 13 Expenditures)

The requirement of appropriation before expenditure is also standard. The second sentence requires the recapture of unexpended balances.

(Sec. 14 Auditor)

The auditor is commonly regarded as a legislative officer, and his appointment is here vested in the legislature.

(Sec. 15 Debts and Assets)

This section provides for the state to take over the debts to and of the Territory of Alaska, as well as its assets.

Constitutional Convention
Committee Proposal/9
December 16, 1955

ALASKA CONSTITUTIONAL CONVENTION
REPORT OF THE COMMITTEE ON
FINANCE AND TAXATION

Hon. William A. Egan
President, Alaska Constitutional Convention

My dear Mr. President:

Your Committee on Finance and Taxation presents for consideration of the Convention its proposed article on Finance and Taxation.

Your Committee considered and incorporated in this report many of the ideas contained in Convention proposals numbered 3, 4, 6 (Sections 8, 10, 11, and 12), 20 and 41.

We include a section-by-section commentary on the proposed article.

Respectfully submitted,

Leslie Nerland, Chairman

Dorothy J. Awes

Frank Barr

James Nolan

Frank Peratrovich

Chris Poulsen

Barrie M. White, Jr.

Constitutional Convention of Alaska

COMMITTEE PROPOSAL NO. 9

Introduced by Committee on Finance and Taxation

ARTICLE ON FINANCE AND TAXATION

RESOLVED, that the following be agreed upon as part
of the Alaska State Constitution

Taxing Power 1 Section 1. The power of taxation shall never be
2 surrendered; and shall never be suspended or con-
3 tracted away, except as provided herein.

Taxation of 4 Section 2. The lands and other property belonging
non-residents 5 to citizens of the United States residing without the
6 State shall never be taxed at a higher rate than the
7 lands and other property belonging to the residents
8 of the State.

Assessment of 9 Section 3. The legislature shall establish the
Property 10 standards for assessment of all property assessed
11 locally or by the State.

Exemptions 12 Section 4. The real and personal property of the
from 13 State and of its political subdivisions shall be ex-
Taxation 14 empt from taxation under such conditions and with
15 such exceptions as the legislature may direct. All
16 or any portion of property used exclusively for

1 non-profit religious, charitable, cemetery, or educa-
2 tional purposes as defined by law, is exempt from
3 taxation.

4 Other exemptions of like or different kind may be
5 granted by general law; and until otherwise provided
6 by law, all exemptions from taxation validly granted
7 are retained.

Taxation of 8 Section 5. No tax shall be imposed upon any lands
U.S. Property 9 or other property owned or acquired by the United
Prohibited 10 States, except as allowed by Federal law. Immunity to
11 taxation extends to all property owned by natives which
12 is held in trust by the United States, or over which
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16 alienation.

Taxation of 17 Section 6. Private leaseholds, contracts, or other
Interests in 18 interests in land or property owned or held by the
U.S. property 19 United States shall be taxable to the extent of the
20 interests.

Taxation for 21 Section 7. No tax shall be levied or appropriation
Public 22 of public money made or public property transferred,
Purpose 23 nor shall the public credit be used, except for a
24 public purpose.

Earmarking 25 Section 8. All revenues shall be deposited in the
Restricted 26 State treasury without allocation for special purposes,

1 except where state participation in Federal programs
2 will thereby be denied. This provision shall not pro-
3 hibit the continuance of any allocation for special
4 purposes existing upon the date of ratification of this
5 Constitution by the people of Alaska.

Debt 6 Section 9. No debt shall be contracted by or in
Contraction 7 behalf of the State, or any political subdivision
Restricted 8 thereof, unless the debt shall be authorized by law
 9 for capital improvements specified therein and be
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Anticipation 19 meet appropriations for any fiscal year in anticipation
Notes 20 of the collection of the revenues of that year, but all
 21 debt so contracted shall be paid within one year.

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