

CS FOR SENATE JOINT RESOLUTION NO. 6(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 4/3/19

Referred: Finance

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A RESOLUTION

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

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

5 * **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and
6 readopted to read:

7 **Section 16. Appropriation Limit.** (a) Except as provided in (b) of this
8 section, appropriations made for a fiscal year shall not exceed the average of the
9 appropriations made in the previous three fiscal years by more than the average
10 change in inflation in the previous five fiscal years. In this subsection, the change in
11 inflation shall be based on the Consumer Price Index for Anchorage, Alaska, as
12 prescribed by law. This subsection does not apply to an appropriation

13 (1) to the principal of the Alaska permanent fund and from the Alaska
14 permanent fund income for the administration of the fund or payment of permanent
15 fund dividends;

1 (2) to meet a state of disaster declared by the governor as prescribed by
2 law;

3 (3) to pay obligations or spend the proceeds or revenue of State general
4 obligation bonds and revenue bonds;

5 (4) that is a reappropriation of a previous unobligated appropriation;

6 (5) that is duplicating the authorization to expend funds from another
7 appropriation;

8 (6) from a non-State source in trust for a specific purpose, including
9 revenues of a public enterprise or public corporation of the State that issues revenue
10 bonds; and

11 (7) of money to a State savings account or fund that requires a
12 subsequent appropriation from that account or fund as prescribed by law.

13 (b) The legislature may appropriate an additional amount in excess of the
14 appropriation limit under (a) of this section for capital improvements, except that the
15 amount for capital improvements made in excess of the appropriation limit in a fiscal
16 year shall not exceed ten percent of the total appropriation limit for that fiscal year.
17 Appropriations for capital improvements that exceed the appropriation limit shall not
18 be used in calculating the appropriation limit in subsequent fiscal years.

19 (c) Any unexpended, unobligated, and unappropriated balance in the general
20 fund at the end of a fiscal year shall be deposited into the following funds in the
21 priority order listed:

22 (1) the permanent fund under Section 15 of this article in an amount
23 not to exceed fifty-percent of the income produced from the permanent fund during
24 the fiscal year just ended;

25 (2) the budget reserve fund under Section 17 of this article in an
26 amount necessary to bring the budget reserve fund balance equal to the appropriation
27 limit for the next fiscal year;

28 (3) the permanent fund under Section 15 of this article.

29 (d) Section 7 of this article does not apply to deposits made to the permanent
30 fund under (c) of this section.

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

1 (a) There is established as a separate fund in the State treasury the budget
 2 reserve fund. Except for money deposited into the permanent fund under Section 15 of
 3 this article, all money received by the State [AFTER JULY 1, 1990], as a result of the
 4 termination, through settlement or otherwise, of an administrative proceeding or of
 5 litigation in a State or federal court **directly** involving mineral lease bonuses, rentals,
 6 royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses,
 7 or involving taxes imposed on mineral income, production, or property, shall be
 8 deposited in the budget reserve fund. Money in the budget reserve fund shall be
 9 invested so as to yield competitive market rates to the fund. Income of the fund shall
 10 be retained in the fund. Section 7 of this article does not apply to deposits made to the
 11 fund under this subsection. Money may be appropriated from the fund only as
 12 authorized under (b) [OR (c)] of this section.

13 * **Sec. 3.** Article IX, sec. 17(b), Constitution of the State of Alaska, is amended to read:

14 (b) If the amount **in the general fund** available for appropriation for a fiscal
 15 year is less than the **appropriation limit under Section 16 of this article** [AMOUNT
 16 APPROPRIATED FOR THE PREVIOUS FISCAL YEAR], an appropriation may be
 17 made from the budget reserve fund. However, the amount appropriated from the fund
 18 under this subsection may not exceed the amount necessary, when added to other
 19 funds **in the general fund** available for appropriation, to provide for total
 20 appropriations equal to the **appropriation limit under section 16 of this article**
 21 [AMOUNT OF APPROPRIATIONS MADE IN THE PREVIOUS CALENDAR
 22 YEAR FOR THE PREVIOUS FISCAL YEAR].

23 * **Sec. 4.** Article XV, Constitution of the State of Alaska, is amended by adding new
 24 sections to read:

25 **Section 30. Application of Appropriation Limit.** The 2020 amendment
 26 limiting appropriation increases and requiring a portion of the unexpended,
 27 unobligated, and unappropriated balance in the general fund to go to the permanent
 28 fund (art. IX, sec. 15) applies to appropriations made for the fiscal year ending
 29 June 30, 2022, and thereafter.

30 **Section 31. Budget Reserve Fund Transition.** The repeal of Section 17(d) of
 31 Article IX in the 2020 amendments eliminates any repayment required under that

1 subsection through the fiscal year ending June 30, 2021.

2 * **Sec. 5.** Article IX, secs. 17(c) and 17(d), Constitution of the State of Alaska, are repealed.

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