

HOUSE JOINT RESOLUTION NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/30/19

Referred:

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 establishing the savings**
3 **reserve fund; and relating to the permanent 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5 * **Section 1.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and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) Appropriations made for a fiscal year
8 shall not exceed the average of the appropriations made in the previous three fiscal
9 years by more than fifty percent of the cumulative change in population and inflation
10 since January 1 of the previous calendar year, derived from federal indices as
11 prescribed by law, or two percent, whichever is less. This subsection does not apply to
12 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) of money held in trust by the State or received from the federal
9 government for a particular purpose;

10 (7) of money received by the State from a source other than the State
11 or federal government that is restricted to a specific use by the terms of a gift, grant,
12 bequest, or contract; and

13 (8) of money to a State savings account or fund that requires a
14 subsequent appropriation from that account or fund as prescribed by law.

15 (b) Any unexpended, unobligated, and unappropriated balance in the general
16 fund at the end of a fiscal year shall be deposited into the following funds in the
17 priority order listed:

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

21 (2) the savings reserve fund under Section 17 of this article in an
22 amount necessary to bring the savings reserve fund balance equal to the appropriation
23 limit for the next fiscal year;

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

25 (c) Section 7 of this article does not apply to deposits made to the permanent
26 fund under this (b) of this section.

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

28 (a) There is established as a separate fund in the State treasury the **savings**
29 [BUDGET] reserve fund. Except for money deposited into the permanent fund under
30 Section 15 of this article, all money received by the State [AFTER JULY 1, 1990], as
31 a result of the termination, through settlement or otherwise, of an administrative

1 proceeding or of litigation in a State or federal court **directly** involving mineral lease
 2 bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing
 3 payments or bonuses, or involving taxes imposed on mineral income, production, or
 4 property, shall be deposited in the **savings** [BUDGET] reserve fund. Money in the
 5 **savings** [BUDGET] reserve fund shall be invested so as to yield competitive market
 6 rates to the fund. Income of the fund shall be retained in the fund. Section 7 of this
 7 article does not apply to deposits made to the fund under this subsection. Money may
 8 be appropriated from the fund only as authorized under (b) [OR (C)] of this section.

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

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

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

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

26 **Section 31. Budget Reserve Fund to Savings Reserve Fund Transition.**
 27 Under the 2020 amendments to the former budget reserve fund (art. IX, sec. 17), the
 28 savings reserve fund replaces the former budget reserve fund. The money in the
 29 former budget reserve fund on the effective date of the 2020 amendments shall be
 30 deposited into the savings reserve fund. The repeal of Section 17(d) of Article IX in
 31 the 2020 amendments to the former budget reserve fund eliminates any repayment

- 1 required under that subsection through the fiscal year ending June 30, 2021.
- 2 * **Sec. 5.** Article IX, sec. 17(c) and (d), Constitution of the State of Alaska, is 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.