

CS FOR SENATE JOINT RESOLUTION NO. 5(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 4/17/19

Referred: Finance

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

A RESOLUTION

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and the permanent fund dividend, relating to an appropriation limit, and relating to the budget reserve fund.

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

*** Section 1.** Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

Section 15. Alaska Permanent Fund. (a) At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. **Except as provided under (b) of this section, all** [ALL] income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

*** Sec. 2.** Article IX, sec. 15, Constitution of the State of Alaska, is amended by adding new subsections to read:

(b) Each fiscal year, a portion of the income from the permanent fund shall be

transferred solely for dividend payments to residents of the State as provided by law as it read on January 1, 2019, unless a change to the law is approved by the voters under (c) of this section. The transfer of income for the payment of dividends to State residents under this subsection does not require an appropriation under Section 13 of this article. Dividend payments under this subsection shall be distributed in four equal quarterly payments over the calendar year.

(c) Notwithstanding Section 18 of Article II, a law enacted under Sections 14 - 17 of Article II that would amend the amount transferred for the payment of dividends to State residents under (b) of this section shall not take effect unless approved by the voters of the State in the next statewide election held more than one hundred twenty days after enactment of the law. The lieutenant governor shall prepare a ballot title and proposition summarizing the law and shall place it on the ballot. If a majority of the votes cast on the proposition favor its adoption, it shall become effective on the later of ninety days after the certification of the election returns by the lieutenant governor or an effective date provided for by concurrence of two-thirds of the membership of each house. If a majority of votes cast on the proposition favor its rejection, the law is rejected and does not take effect.

* **Sec. 3.** Article IX, sec. 16, Constitution of the State of Alaska, is repealed and readopted to read:

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

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

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

(3) to pay obligations or spend the proceeds or revenue of State general

1 obligation bonds and revenue bonds;

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

3 (5) that is duplicating the authorization to expend funds from another
4 appropriation;

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

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

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

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

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

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

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

26 (d) Section 7 of this article does not apply to deposits made under (c) of this
27 section.

28 * **Sec. 4.** Article IX, sec. 17(a), Constitution of the State of Alaska, is amended to read:

29 (a) There is established as a separate fund in the State treasury the budget
30 reserve fund. Except for money deposited into the permanent fund under Section 15 of
31 this article, all money received by the State [AFTER JULY 1, 1990], as a result of the

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

10 * **Sec. 5.** Article IX, sec. 17(b), Constitution of the State of Alaska, is amended to read:

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

20 * **Sec. 6.** Article XV, Constitution of the State of Alaska, is amended by adding new
 21 sections to read:

22 **Section 30. Permanent Fund Amendments: Transition.** For purposes of the
 23 2020 amendments to Section 15 of Article IX, the law in place January 1, 2019, is the
 24 program of dividend payments under Section 15(b) of Article IX, subject to the
 25 enactment of a law amending the program of dividend payments in accordance with
 26 the requirements of Section 15(c) of Article IX. Any amendments to the program of
 27 dividend payments enacted after January 1, 2019, but before January 1, 2021, are
 28 repealed.

29 **Section 31. Application of Appropriation Limit.** The 2020 amendment
 30 limiting appropriation increases and requiring a portion of the unexpended,
 31 unobligated, and unappropriated balance in the general fund to go to the permanent

1 fund (art. IX, sec. 15) applies to appropriations made for the fiscal year ending
2 June 30, 2022, and thereafter.

3 **Section 32. Budget Reserve Fund Transition.** The repeal of Section 17(d) of
4 Article IX in the 2020 amendments eliminates any repayment required under that
5 subsection through the fiscal year ending June 30, 2021.

6 * **Sec. 7.** Article IX, secs. 17(c) and 17(d), Constitution of the State of Alaska, are repealed.

7 * **Sec. 8.** The amendments proposed by this resolution shall be placed before the voters of
8 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
9 State of Alaska, and the election laws of the state.