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Ways and Means Moves on Fiscal Measures Approves Cap on Spending, Inflation Proofing Permanent Fund

(JUNEAU) – The House Special Committee on Ways and Means moved two joint resolutions on Friday in an effort to stabilize Alaska’s fiscal future. The first, [House Joint Resolution 9](#), proposes an amendment to the Alaska Constitution that will cap state spending. If HJR 9 passes, it will face voters in the next election. If enacted, the cap will begin in Fiscal Year 2006 and permit the state budget to grow no more than two-percent each year. Any increase greater than two-percent will require a three-fourths vote of both the House and the Senate. Ways and Means Co-Chairs Representative Mike Hawker (R-Anchorage) and Representative Jim Whitaker (R-Fairbanks) said a spending cap is essential to show Alaskans that the Legislature is committed to keeping government spending under control.

“Our fiscal resources are finite and the demand for spending is infinite,” Hawker said. “A spending cap will keep the cost of growth of government under control.”

“This cap shows our commitment to develop a comprehensive fiscal package,” Whitaker said.

The Ways and Means Committee also approved [House Joint Resolution 26](#), which bases allowable appropriations from the Permanent Fund on a percentage of its market value. HJR 26 allows an appropriation of no more than five-percent of the Fund’s five-year average market value each year. The Permanent Fund’s earnings reserve will be transferred to the corpus of the fund.

“Just as we keep our budget under control, we must wisely manage our investments for the future,” Hawker said. “Permanent Fund expenditures must stay in line with inflation, and not erode the Fund’s value.”

“Today we have acted to both keep our spending under control and protect our most stable sources of income for future generations,” Whitaker said.

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