

Representative John Harris

Representative Max Gruenberg

SECTIONAL ANALYSIS

HB 493

Adoption of State Fiscal Plan

Section 1. Makes the following legislative findings: (1) there is a significant disparity between available revenues and the level of expenditures necessary to maintain a reasonable level of state services; (2) for several years the legislature has addressed the disparity between state revenues and expenditures by drawing against the balance of the budget reserve fund; (3) the budget reserve fund is rapidly declining to a level that requires the development of a sound fiscal plan to address future state revenues and expenditures; (4) a long-term fiscal plan would provide the discipline necessary to assure that the state budget remains balanced and properly planned in the future; and (5) there is no simple solution to the state's current fiscal dilemma. A combination of fiscal measures will be required to achieve a fiscal plan that is fair and balanced for all Alaskans.

Section 2. This bill section adds a new section to the executive budget act that requires the legislature to adopt and annually revise a long-term fiscal plan for balancing state revenues and expenditures for the succeeding five fiscal years. The fiscal plan must include: (1) the means to foster a stable economy that encourages economic growth; (2) procedures to improve governmental efficiency; (3) policies that protect the permanent fund while using earnings to maintain a strong dividend program and the legislative flexibility to determine the use of the remaining earnings; (4) the means to raise revenues while maintaining a stable tax environment; and (5) provisions to maintain the integrity of the budget reserve fund.