

Alaska State Legislature

Senate Finance Committee

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Finance to Consider Long-Range Fiscal Plan **Public Testimony Welcome at Oct. 20 Statewide Teleconference**

(ANCHORAGE) - The Senate Finance Committee will hold a statewide teleconference on Saturday, Oct. 20, to take public testimony on development of a long-range fiscal plan and other cost-saving measures. Members of the public are welcome to attend the meeting in the basement conference room of the Anchorage Legislative Information Office building at 716 W. Fourth Ave., from 1 p.m. to 4 p.m.

Sen. Dave Donley, (R-Anchorage), co-chair of the Senate Finance Committee, said the Senate has already laid two essential cornerstones in the structure of a long-range fiscal plan last session, by passing Senate Joint Resolutions 23 and 24. SJR 23 will enforce fiscal discipline by lowering Alaska's constitutional spending limit, while SJR 24 will lower the cost to access the Constitutional Budget Reserve (CBR) by returning the simple majority requirement originally established to access the fund.

"Alaskans do not want to give the government a blank check," said Donley, who sponsored SJR 23. "Any new fiscal plan must start with reasonable limits on government spending. SJR 23 does exactly that by revising the existing constitutional appropriation limits to limit the expansion of government spending."

Alaska's spending limit is currently over \$6 billion, twice the state's current operating and capital expenditures. SJR 23 caps the current constitutional appropriation limit to approximately \$3.1 billion, and limits future increases as well. SJR 23 also clarifies which appropriations are exempted from the limit, including those for the Permanent Fund and Permanent Fund dividends, the Alaska Railroad Corporation, federal funds or the state cost for natural disaster response.

Senate Joint Resolution 24, sponsored by the Senate Finance Committee, makes it easier to make prudent withdrawals from the CBR without having to promise unnecessary millions in extra spending to win votes by reestablishing the simple majority vote required to withdraw funds from the CBR when spending does not exceed the previous year's level.

The CBR was established by the Legislature in 1990 with funds from several long-standing oil tax dispute settlements. In its 1994 decision in *Hickel v. Cowper*, the Alaska Supreme Court ruled that withdrawals from the budget reserve require a three-quarters vote of the Legislature.

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“This ruling has created a situation in which small groups of legislators realize they can hold the entire budget hostage to force increased spending,” Donley said. “We estimate that it cost the state an extra \$150 million last year to get the votes necessary to balance the budget with funds from the CBR.”

While requiring only a simple majority for spending that does not exceed the previous year’s, SJR 24 would preserve the need for three-quarters support for increased spending, thereby promoting fiscal discipline and protecting the CBR against unnecessary draws, Donley said.

SJR 23 and 24 each passed the Senate 14-6, and each awaits hearings in House committees this Friday. If signed into law, the measures would place constitutional amendments before Alaska voters in the state’s next general election, in the fall of 2002.

The Senate Finance Committee will review the status of these resolutions, and solicit comments and suggestions from any individuals or groups seeking to testify on the matter of long-range fiscal planning, at Saturday’s meeting and teleconference. Those unable to attend the meeting in person may contact their local Legislative Information Offices for instructions on how to testify by teleconference.

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