



STATE OF ALASKA

Dunleavy Unveils Three Constitutional Amendments – Foundation of Permanent Fiscal Plan for Alaska

- ❖ *Constitutional amendments add three new sections to Constitution that will protect Alaskans from out of control government growth and future PFD thefts.*
- ❖ *Amendments are basis for Alaska’s permanent fiscal plan: protecting the PFD, enacting a spending limit and savings rule, and requiring a vote of the people for any new tax or tax increase.*
- ❖ *Proposal works to ensure Alaskans are included when deciding the size and scope of their government.*
- ❖ *“If we wish to win the people’s trust, we must trust you the people”
– Governor Michael J. Dunleavy*

Key Points:

Governor Michael J. Dunleavy has introduced three constitutional amendments – the basis for a permanent fiscal plan. The three measures work to: 1) protect the PFD; 2) enact a spending limit and savings rule; 3) require a vote of the people for any new tax or tax increase.



Protect the PFD:

The Permanent Fund and the Permanent Fund Dividend was never broken and did not need to be fixed. For over three decades the PFD calculation and the amount paid to Alaskans was never questioned, regardless of the size of the check. Not until it was politicized, was this an issue. This constitutional amendment would:

- 1) **Guarantee the PFD:** PFD’s would not be subject to appropriations, they will be automatically transferred for payment to Alaskans.
- 2) **Protect the PFD:** PFD’s cannot be reduced by the Legislature or Governor’s veto.
- 3) **The People’s PFD:** Any changes to the statutory PFD formula will require a vote of the people. It’s Alaskans PFD and they should be entrusted with its future.

“By ensuring that the dividend is not changed without a vote of the people. That taxes will not be created or increased without a vote of the people. And the final amendment would create a spending and savings rule that will keep government from growing out of control,” – Governor Michael J. Dunleavy.

“These amendments are the basis for a permanent fiscal plan. We need your help. This is your Constitution. This is your government. If we wish to win the people’s trust, we must trust you the people,” – Governor Michael J. Dunleavy.

No New Taxes Without Input from Alaskans:

Governor Dunleavy believes strongly that people make the best decisions on how their money is spent. Alaskans work hard for their money and it only makes sense for them to have a direct decision on how much of it they are willing to give to government. This amendment will ensure that Alaskans are included when deciding the size and scope of their government. This constitutional amendment requires:

- 1) Any new tax or tax rate increase passed by the Legislature will require a vote of the people.
- 2) Any new tax or tax rate increase passed by voter initiative will require approval by the Legislature.

Spending Cap

Alaskans have long supported putting government on an allowance – passing a spending limit twice in the past. This approach will create a straightforward, understandable, and most importantly – effective – limit on government growth. We must get our spending under control if we want a stable and sustainable budget that will promote economic growth and protect the people from government overreach. This constitutional amendment:

- Replaces the existing, ineffective constitutional spending limit with one that works.
 - The new limit will be calculated using a 3-year average of state spending, and only allowing for minimal increases.
 - Allowable budget growth is based on 1) 50% of inflation and population, or 2) two percent, whichever is less.
- The spending limit allows for a limited number of exceptions, such as: PFDs, money to pay general obligation and revenue bond proceeds, money of trust funds, and appropriation of federal funds.
- Replaces the CBR with a new Constitutional Savings Fund
 - Unlike the CBR, the new Savings Fund:
 - Only requires a simple majority vote to spend; and
 - Is capped at the amount of last year’s budget
- Establishes a constitutional savings plan to address surplus revenue
 - Surplus revenues would be directed to the constitutional savings fund;
 - If the constitutional savings fund has reached the cap, then surplus revenues will be directed to the Permanent Fund principal.

This proposal works to achieves three goals: (1) **Limit government spending**, (2) **Save for the future**, (3) **Streamline the budget process**

- **Limit Government Spending:** The government does not have a revenue problem – it has a spending problem. To cure this spending problem, there must be a meaningful spending limit in the Constitution.
- **Save for the Future:** When government collects more revenue than it needs, that money should be saved for the future – not spent on growing government. The Savings Rule would limit the amount of surplus revenue available for government spending. Any surplus above this limit is returned to the people by saving it in the Permanent Fund where it cannot be spent. Saving more money in the Permanent Fund allows for the Fund to grow.
- **Streamline the Budget Process:** Every year, the Legislature will know the exact amount it can spend on government and what to do with money that exceeds the spending limit. No more games, no more budget standoffs.