

BONDING PROPOSITION A

State Guaranteed Veterans Residential Mortgage Bonds

\$600,000,000

(Ch. 134, SLA 1986)

SCOPE OF PROJECT

This proposition would authorize the Alaska Housing Finance Corporation to issue up to \$600,000,000 in revenue bonds which are unconditionally guaranteed by the state for the payment of principal and interest. Bonds would be issued for the purpose of purchasing residential mortgages of qualifying veterans. A "qualified veteran" is defined by law.

BALLOT QUESTION

Shall the State of Alaska unconditionally guarantee as a general obligation of the state, the payment of principal of and interest on revenue bonds of the Alaska Housing Finance Corporation issued in the principal amount of not more than \$600,000,000 for the purpose of purchasing mortgages made for residences for qualifying veterans, as defined by law?

BONDS YES
BONDS NO

VOTES CAST BY MEMBERS OF THE 14TH ALASKA LEGISLATURE ON FINAL PASSAGE

House:	Yeas	35
	Nays	1
	Absent or Not Voting	4
Senate:	Yeas	17
	Nays	0
	Absent or Not Voting	3

LEGISLATIVE AFFAIRS AGENCY SUMMARY

(HB 533)

Approval of the proposal would authorize the Alaska Housing Finance Corporation to issue revenue bonds unconditionally guaranteed by the state in the principal amount of \$600,000,000 or less for the purchase of residential mortgages for qualifying veterans. This proposal provides that in the event of a default the state would pay the principal and interest on these bonds. The state's liability for these bonds would be limited to the principal amount of the bonds up to \$600,000,000, plus interest. A qualifying veteran is a person who is a "qualified veteran" under 26 U.S.C., Sec. 103A.

EDITOR'S NOTE: There is no requirement for the inclusion in the *Official Election Pamphlet* of statements either in favor of or opposing any bonding proposition on an Alaskan ballot.

BALLOT MEASURE NO. 1

Reconsideration of Amendment Limiting Increase in Appropriations

BALLOT LANGUAGE

(As it will appear on the November 4, 1986, General Election Ballot)

In 1982 the voters adopted an amendment to the Alaska Constitution which limits the amount of money that the legislature may appropriate. The 1982 amendment provided for reconsideration of the limit by the voters at this general election. Article IX, sec. 16, of the Alaska Constitution limits appropriations for a fiscal year to \$2.5 billion, adjusted annually for changes in population and inflation since 1981. At least one-third of the limitation amount is reserved for appropriations for capital projects and state loan programs. The remainder (up to two-thirds) may be spent for governmental operations. Appropriations to the Alaska Permanent Fund and appropriations or bond authorizations for capital projects may exceed this limit if they are not vetoed by the governor and are approved by the voters. The limit could also be exceeded to meet a state of disaster declared by the governor. The limit would not apply to appropriations for permanent fund dividends, general obligation bond payments, or for appropriations from revenue bond proceeds.

A vote "FOR" retains the appropriation limit. FOR

A vote "AGAINST" repeals the appropriation limit. AGAINST

VOTES CAST BY MEMBERS OF THE 12TH ALASKA LEGISLATURE ON FINAL PASSAGE

House:	Yeas	27
	Nays	13
	Absent or Not Voting	0
Senate:	Yeas	15
	Nays	4
	Absent or Not Voting	1

LEGISLATIVE AFFAIRS AGENCY SUMMARY

Constitutional Amendment
(2d FCCSSJR 4; Leg. Res. 1, FSSLA 1981)

This proposition will continue the effect of the appropriations limit under the Constitution of the State of Alaska that was approved November 2, 1982. If this proposition is rejected the appropriation limit is repealed.

Under this proposition the limit for a fiscal year would continue to be \$2,500,000,000 plus an amount representing cumulative changes in population and inflation from July 1, 1981, to the fiscal year in question. Within the limit on appropriations one-third of the amount available to be appropriated would continue to be reserved for capital projects and loan appropriations.

The following appropriations would continue to be exempt from the limit on appropriations:

1. an appropriation for Alaska permanent fund dividends;
2. an appropriation of revenue bond proceeds;
3. an appropriation to pay principal and interest on state general obligation bonds;
4. an appropriation of money received from non-state sources in trust for specific purposes;
5. an appropriation to the Alaska permanent fund if the appropriation bill is approved by the governor, becomes law without the signature of the governor, or is passed by a three-fourths vote of the membership of the legislature over the veto of the governor; and is approved by the voters as prescribed by law;
6. an appropriation for capital projects if the appropriations bill is confined to projects of the same type; is approved by the governor, becomes law without the signature of the governor, or is passed by a three-fourths vote of the membership of the legislature over the veto of the governor; and is approved by the voters as prescribed by law after the voters are informed of the cost of operations and maintenance of the proposed projects; and
7. an appropriation to meet a state of disaster declared by the governor, as prescribed by law.

BALLOT MEASURE NO. 1

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

SECTION 16. APPROPRIATION LIMIT. Except for appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a non-State source in trust for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds, appropriations from the treasury made for a fiscal year shall not exceed \$2,500,000,000 by more than the cumulative change, derived from federal indices as prescribed by law, in population and inflation since July 1, 1981. Within this limit, at least one-third shall be reserved for capital projects and loan appropriations. The legislature may exceed this limit in bills for appropriations to the Alaska permanent fund and in bills for appropriations for capital projects, whether of bond proceeds or otherwise, if each bill is approved by the governor, or passed by affirmative vote of three-fourths of the membership of the legislature over a veto or item veto, or becomes law without a signature, and is also approved by the voters as prescribed by law. Each bill for appropriations for capital projects in excess of the limit shall be confined to capital projects of the same type, and the voters shall, as provided by law, be informed of the cost of operations and maintenance of the capital projects. No other appropriation in excess of this limit may be made except to meet a state of disaster declared by the governor as prescribed by law. The governor shall cause any unexpended and unappropriated balance to be invested so as to yield competitive market rates to the treasury.

SECTION 26. APPROPRIATIONS FOR RELOCATION OF THE CAPITAL. If a majority of those voting on the question at the general election in 1982 approve the ballot proposition for the total cost to the State of providing for relocation of the capital, no additional voter approval of appropriations for that purpose within the cost approved by the voters is required under the 1982 amendment limiting increases in appropriations. (art. IX, sec. 16).

SECTION 27. RECONSIDERATION OF AMENDMENT LIMITING INCREASES IN APPROPRIATIONS. If the 1982 amendment limiting appropriation increases (art. IX, sec. 16) is adopted, the lieutenant governor shall cause the ballot title and proposition for the amendment to be placed on the ballot again at the general election in 1986. If the majority of those voting on the proposition in 1986 rejects the amendment, it shall be repealed.

SECTION 28. APPLICATION OF AMENDMENT. The 1982 amendment limiting appropriation increases (art. IX, sec. 16) applies to appropriations made for fiscal year 1984 and thereafter.

No statements in support of or opposed to Ballot Measure No. 1 were received.

BALLOT MEASURE NO. 2

Constitutional Amendment Legislative Annulment of Administrative Regulations

(1986 Legislative Resolve No. 60 HCS SJR 40 [Jud] am H)

BALLOT LANGUAGE

(As it will appear on the November 4, 1986, General Election Ballot)

This amendment of the Alaska Constitution would permit the legislature to annul executive branch regulations by passing a resolution that is not subject to veto by the governor or repeal by referendum. The annulment would become effective 30 days after passage by the legislature, unless the resolution sets a different date. The resolution must have three readings in each house on separate days, except that it may be advanced from second to third reading on the same day by a three-fourths vote of the house considering it. The resolution must receive approval of a majority of the membership of each house. The yeas and nays on final passage must be entered in the legislative journals.

A vote "FOR" adopts the amendment. FOR

A vote "AGAINST" rejects the amendment. AGAINST

VOTES CAST BY MEMBERS OF THE 14TH ALASKA LEGISLATURE ON FINAL PASSAGE

House:	Yeas	31
	Nays	4
	Absent or Not Voting	5
Senate:	Yeas	17
	Nays	0
	Absent or Not Voting	3

LEGISLATIVE AFFAIRS AGENCY SUMMARY

(HCS SJR 40 (Jud) am H)

This proposal for a constitutional amendment would allow the legislature to annul a regulation adopted by a state department or agency by its adoption of a concurrent resolution. Under the present provisions of the constitution, the legislature may annul a regulation only by the enactment of a bill that is subject to the veto of the governor; if the governor vetoes the bill, the constitution now requires a two-thirds affirmative vote of the legislature assembled in joint session to override the veto.

If the legislature adopts a concurrent resolution to annul a regulation under the authority proposed here, the annulment would be effective thirty days after the date the concurrent resolution is approved by both houses unless the resolution specified a different date. The concurrent resolution would not be subject to the veto of the governor. Adoption would require three readings in each house on three separate days except that it may be advanced from second to third reading on the same day by the concurrence of three-fourths of the membership of the house considering it. Adoption would require approval by a majority vote of each membership of each house. The vote on final passage must be entered into the journal.

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

(This amendment would add the following section to article II of the Alaska Constitution.)

SECTION 22. ANNULMENT OF REGULATIONS. The legislature by concurrent resolution may annul a regulation adopted by a state department or agency. The annulment of the regulation is effective thirty days after the date the concurrent resolution is approved by both houses unless the concurrent resolution specifies a different date. The concurrent resolution requires three readings in each house on three separate days, except that it may be advanced from second to third reading on the same day by concurrence of three-fourths of the house considering it, and approval by a majority vote of the membership of each house. The yeas and nays on final passage shall be entered into the journal.

BALLOT MEASURE NO. 2

STATEMENT IN SUPPORT OF BALLOT MEASURE NO. 2

The issue is basically simple: should bureaucrats or the Legislature be the ultimate lawmaking authority?

All 60 members of the Legislature (40 House and 20 Senate) are elected by the people. They are all voted into, and out of, office by individual voters. The Alaska Constitution says, "The legislative (i.e., lawmaking) power of the State is vested in a Legislature consisting of a Senate... and a House of Representatives..." The Legislature proposes, considers, and enacts laws, known collectively as the Alaska Statutes (if general and permanent) or as the Session Laws of Alaska (if specific and temporary).

All bureaucrats who promulgate (i.e., enact and enforce) regulations (theoretically, to put laws into effect) are in the Executive Branch, headed by the Governor. Bureaucrats are not voted into office and thus cannot be removed by the people. Instead, bureaucrats are hired by the Governor or by his/her appointees, and thus can only be removed from office by the Governor or by somebody answerable to him/her. However, the regulations promulgated by the bureaucrats, known collectively as the Alaska Administrative Code, have the force of law and affect all of us, sometimes adversely.

What can be done about a law that's bad? It can be repealed by the Legislature or, in some cases, by the people directly via an initiative petition.

What about a regulation that's bad? It can only be repealed by the bureaucrats who promulgated it, up to and including the Governor. If the Legislature tries to repeal a regulation by passing a bill, the Governor will almost certainly (and always has, in the past) veto the bill so that the bad regulation stays in full force and effect.

Now, if the Legislature had the power to repeal regulations by passing a concurrent resolution (instead of a bill), then the resolution could not be vetoed by the Governor. Thus, the Legislature would be able to get rid of bad regulations, which in effect it cannot do now.

Would this give the Legislature too much power? Not hardly. Since the Legislature already has full power to enact laws, why shouldn't it have full power to repeal all laws, including regulations?

Why do Governors and bureaucrats oppose giving the Legislature such regulatory repeal power? Because Governors and their handpicked bureaucrats, which are answerable *only* to the Governor (and cannot be removed by the people, which can remove Legislators), don't want to lose the power they now have to promulgate and enforce any regulation they want. It's that simple.

If you feel that the Legislature should have the power to repeal regulations via concurrent resolution (not vetoable by the Governor), vote **FOR** the ballot measure. If you feel that bureaucrats should be the ultimate lawmaking authority, vote otherwise.

I recommend that you vote **FOR**. Only in this way will we realistically be able to get rid of bad regulations.

Andre Marrou
State Representative

STATEMENT OPPOSING BALLOT MEASURE NO. 2

For the third time in six years, the legislature insists on confronting the voters with a proposed constitutional amendment giving the legislature a short-cut to law-making—another attempt by the legislature to concentrate governmental power in its own hands. The voters rejected a similar proposal in 1980 and the identical proposal in 1984. It should be rejected again.

Under the current constitution and statutes, the legislature has all the power it needs to make laws and to limit or guide the adoption of administrative regulations. Regulations are adopted to implement statutes. They have the force of law. Annulling them changes the law. The proposal would enable legislators to use a law-making procedure that is not subject to veto by the governor or repeal by referendum, and that would be used to ignore the prohibition against special and local legislation.

The constitution now provides for a balance of power between the legislative, executive, and judicial branches of the government. This balance requires a blending or sharing, as well as a dividing, of governmental responsibilities. If this constitutional amendment were to be approved by the voters, it would enable the legislature not only to write the laws, as has traditionally been the legislature's function, but it would also enable the legislature to act in place of the courts in deciding whether the executive has lawfully executed the laws when adopting a regulation, and it would empower the legislature to act in place of the executive by reversing a specific executive-branch decision.

In its intent statement accompanying this proposal, the legislature admitted that the "difficulty in achieving [the two-thirds] majority [to override a veto] in opposition to the governor and the governor's administration has led the legislature to propose this amendment." In other words, the fear that the governor might veto a bill and that not enough legislators would agree to override that veto prompted this short-cut approach to law-making. That fear overlooks the governor's accountability to the voters throughout the state.

The annulment is like a repeal. The legislature would act only in a negative way. It would not be providing the sort of policy guidance and direction that is appropriate to its law-making function. The legislature would be saying to the agency "your decision to adopt that regulation is wrong." But it would not be telling the agency what would be right. This is especially troublesome when dealing with a complex subject. Without any guidance beyond the statute that the executive-branch agency was trying to implement in the first place, the agency is left with only the option to guess again. That is neither an efficient nor appropriate way to run the government.

The Alaska Supreme Court has ruled that the legislature must abide by the constitution's checks and balances on its power, including when it acts to annul regulations. The present proposal is intended to overrule the court's decision. As mentioned when the voters rejected the 1980 and 1984 proposals, this amendment would aid legislators, not the public, and it should be rejected.

Katherine D. Nordale
Delegate to the Alaska
Constitutional Convention, 1955-1956

BALLOT MEASURE NO. 3

STATEMENT IN SUPPORT OF BALLOT MEASURE NO. 3

The annuity plan is designed to assist Alaskans in retaining and continuing the longevity bonus concept.

It appears, by personal choice, to be the only way additional Alaskans can continue to qualify and then receive the bonus through the means of an annuity.

In these times of economic stress, the enactment of an annuity plan would lessen the present financial burden the state is carrying under the plan presently in effect.

Besides providing a retirement plan for Alaskans of all ages, no matter whether they are employed by the state or the private sector, continuing the bonus will help keep people off welfare and in their own homes.

It's your choice, just like the annuity would be your choice. You may not personally need the help it will provide, but thousands of other Alaskans certainly do.

Bill Ray
State Senator

STATEMENT OPPOSING BALLOT MEASURE NO. 3

In the simplest words possible, the Annuity Program would give every Alaskan the choice of banking their permanent fund dividend in yet another State controlled pension fund or simply receiving the dividend. It is offered as an apology to all the people who will not be 65 years or older on January 1st, 1988 and will not be able to participate in the current Longevity Bonus Program.

The Annuity Program is simply a smoke-screen for what your Legislator is afraid to tell you. That is we can no longer afford the Longevity Bonus Program since the Supreme Court ruled that we cannot limit the Bonus only to Alaskan Pioneers (residents before Statehood).

The Longevity Bonus costs \$50 million annually and is growing by leaps and bounds since the court threw open the doors two years ago. If you are 65 years old and resident for one year, you are eligible for the \$250 per month bonus. These simple requirements make it astonishingly easy to cheat. Alaskans should question just how much of the annual \$50 million giveaway is flying south every month. The largess of the Longevity Bonus is what caused the Legislature to dream up the Annuity Program alternative.

We don't need an Alaskan version of the Federal Social Security System. Invest your Permanent Fund Dividend in any Individual Retirement Account (IRA) and you will exceed all the benefits and security that the Annuity Program will have to offer. There are thousands of private IRAs and pension funds to invest in that offer you a lot more flexibility and control over your own money than the proposed Annuity Program.

In a letter from Governor Sheffield to House Speaker Grussendorf on June 17, 1985* the Governor said the proposed Annuity Program "...could be taxable...an individual has no vested property right...no ability to withdraw contributions or earnings...no ability to transfer or rollover to another plan..." and "There is no option for an individual to manage or direct the investment." The Governor went on to say that "It is hard to see who would utilize the Annuity Program" and "It is conceivable that the program would be such a failure that the administration costs would totally consume the contributions..."

A "NO" vote on Ballot Proposition No. 3 would send a clear signal to the next Legislature that we don't want another tax supported retirement plan. We need to phase-out or "stair step" away from the well intended but fiscally irresponsible Longevity Bonus Program.

Alaskans pride themselves on being individuals. Being an individual means freely managing our own affairs including our own retirement. Individualism does not mean living to retire off the sweat and taxes of other Alaskans.

Vote "NO" on Ballot Proposition #3.

—Jack Sanderson
P.O. Box 021031,
Juneau, AK 99802

*House Journal, page 1747

BALLOT MEASURE NO. 3

Using current forecasts of Alaska's population and economy, the State Office of Management and Budget estimates that between now and the year 2002, the General Fund costs of the annuity option will be \$774 million, compared to the General Fund costs of the second option of \$521 million. After the year 2002, the annual costs of both options will be identical, and in both cases will decline. By about the year 2034, General Fund payments under both programs will have been completely phased out.

TABLE 1: Monthly Annuity and Residual Bonus Calculation

FISCAL YEAR	PERMANENT FUND DIVIDEND	MAXIMUM ANNUITY ACCOUNT VALUE	MAXIMUM MONTHLY ANNUITY	RESIDUAL LONGEVITY BONUS PAYMENT
1988	\$ 582.32	\$ 582.32	\$ 5.39	\$244.61
1989	631.36	1,268.52	11.75	238.25
1990	664.06	2,052.04	19.00	231.00
1991	680.41	2,925.70	27.09	222.91
1992	688.14	3,889.37	36.02	213.98
1993	714.51	4,970.16	46.03	203.97
1994	751.26	6,189.48	57.32	192.68
1995	802.98	7,575.35	70.15	179.85
1996	857.42	9,146.17	84.70	165.30
1997	914.51	10,922.01	101.14	148.86
1998	974.26	12,924.84	119.69	130.31
1999	1,036.77	15,178.80	140.56	109.44
2000	1,090.37	17,698.63	163.90	86.10
2001	1,159.89	20,525.27	190.08	59.92
2002	1,232.76	23,690.98	219.39	30.61
2003	1,308.74	27,230.80	252.17	

Chronology Assumptions: November 1986—Voters approve annuity plan; February 1987—Legislature repeals staircase sections of Ch. 99 SLA 1985; April 1987—Annuity option offered on PFD applications distributed this month; October 1987—Individual annuity accounts created, and dividend deposits to them; January 1988—First reduced ALB payment paid.

Notes: Dividends from "Revenue Sources Quarterly, March 1986." Annuity accounts continuously compounded at 9 percent. Annuity based on 218 monthly payments.

TABLE 2: Forecasts of Populations and Number of Recipients

FISCAL YEAR	POPULATION 65 & OVER ON APRIL 1 (2/15/85 RUN)	POPULATION 65 & OVER BEFORE APRIL 1, 1988 ON APRIL 1 (3/26/85 RUN)	POPULATION 65 & OVER FISCAL YEAR AVERAGE	POPULATION 65 & OVER BEFORE JAN. 1988 FISCAL YEAR AVERAGE	POPULATION 65 & OVER AFTER JAN. 1988 FISCAL YEAR AVERAGE	RECIPIENTS 65 & OVER BEFORE JAN. 1988 FISCAL YEAR AVERAGE	RECIPIENTS 65 & OVER AFTER JAN. 1988 FISCAL YEAR AVERAGE
1988	18,769	18,769	18,469	18,270	199	16,443	179
1989	19,828	17,941	19,511	17,675	1,836	15,908	1,652
1990	20,913	17,109	20,579	16,855	3,723	15,170	3,351
1991	21,908	16,277	21,558	16,036	5,522	14,432	4,970
1992	22,849	15,451	22,484	15,222	7,262	13,700	6,536
1993	23,861	14,631	23,480	14,414	9,066	12,973	8,159
1994	24,799	13,815	24,403	13,610	10,792	12,249	9,713
1995	25,891	13,005	25,477	12,812	12,665	11,531	11,398
1996	26,863	12,200	26,434	12,019	14,415	10,817	12,973
1997	27,692	11,400	27,249	11,231	16,018	10,108	14,417
1998	28,657	10,607	28,199	10,450	17,749	9,405	15,974
1999	29,556	9,825	29,084	9,679	19,404	8,711	17,464
2000	30,511	9,058	30,023	8,924	21,100	8,031	18,990
2001	31,459	8,309	30,956	8,186	22,770	7,367	20,493
2002	32,440	7,580	31,921	7,468	24,454	6,721	22,008
2003	33,448	6,876	32,913	6,774	26,139	6,097	23,525
2004	34,483	6,199	33,932	6,107	27,825	5,496	25,042
2005	35,721	5,553	35,150	5,471	29,679	4,924	26,711
2006	37,130	4,941	36,537	4,868	31,669	4,381	28,502
2007	38,489	4,368	37,874	4,303	33,571	3,873	30,214
2008	40,309	3,834	39,665	3,777	35,888	3,399	32,299
2009	42,194	3,342	41,520	3,292	38,227	2,963	34,404
2010	44,012	2,892	43,309	2,849	40,459	2,564	36,413

BALLOT MEASURE NO. 3

TABLE 3: Calculation of Program Costs Under Alternatives

FISCAL YEAR	(1) RECIPIENTS 65 & OVER AFTER JAN. 1988 (FISCAL YEAR AVERAGE)	(2) RESIDUAL ALB	(3) RECIPIENTS 65 & OVER BEFORE JAN. 1988 (FISCAL YEAR AVERAGE)	(4) COSTS OF STAIRSTEPPING ALTERNATIVE (MILLIONS)	(5) COST OF ANNUITY ALTERNATIVE (MILLIONS)
1988	179	\$244.61	16,443	\$ 49.3	\$ 49.9
1989	1,652	238.25	15,908	47.7	52.4
1990	3,351	231.00	15,170	45.5	54.8
1991	4,970	222.91	14,432	43.3	56.6
1992	6,536	213.98	13,700	41.1	57.9
1993	8,159	203.97	12,973	38.9	58.9
1994	9,713	192.68	12,249	36.7	59.2
1995	11,398	179.85	11,531	34.6	59.2
1996	12,973	165.30	10,817	32.5	58.2
1997	14,417	148.86	10,108	30.3	56.1
1998	15,974	130.31	9,405	28.2	53.2
1999	17,464	109.44	8,711	26.1	49.1
2000	18,990	86.10	8,031	24.1	43.7
2001	20,493	59.92	7,367	22.1	36.8
2002	22,008	30.61	6,721	20.2	28.2
2003	23,525		6,097	18.3	18.3
2004	25,042		5,496	16.5	16.5
2005	26,711		4,924	14.8	14.8
Total costs through 2002:				\$520.7	\$774.2
(Costs after 2002 are the same for the two alternatives)					

Cost=(column 3)(\$250/mo.)*(12 mo.)

†Cost=[(column 1)*(column 2)*(12 mo.))] + [(column 3)*(\$250/mo.)*(12 mo.)]

