



# Alaska State Legislature

**Senate Majority** Web: [www.akrepublicans.org](http://www.akrepublicans.org)

**Sponsor:** Senator Gary Wilken  
**Current Version:** SB 88  
**Contact:** Sheila Peterson, 465-3709

## Fact Sheet for: Senate Bill 88

**Short Title:** POLICY ON GENERAL FUND REVENUE SHORTFALL

### Summary:

- Affirms in the Executive Budget Act section of our state's statute that "it is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

### Benefits:

- When needed, fills the potential fiscal gap in a way that minimizes the financial impact on Alaska families.
- When needed, provides a bridge over the gap between general fund expenditures and general fund revenues until our state's natural resources can be further developed.
- May strengthen the State of Alaska bond rating and save millions of dollars on future bond offerings.
- Doubles the life expectancy of the Constitutional Budget Reserve fund.

### Background:

- The annual revenue generated from taxes and royalties levied on and collected from the petroleum industry varies directly with the price of oil and the amount of oil produced in the state. Because of this uncertainty, the state will face recurring shortfalls in general fund revenue. Senate Bill 88 adopts a state policy that sets in motion a method to balance the state budget when a shortfall in general fund revenue exists.