

Constitutional Convention of Alaska

PROPOSAL NO. 3

Introduced by R. E. Robertson

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TAXATION

RESOLVED, that the following be agreed upon  
as part of the Alaska State Constitution.

- 1 1. The power of taxation shall never be surrendered, sus-  
2 pended, given or contracted away.
- 3 2. The land and other property belonging to or owned by  
4 United States citizens residing without the State of Alaska  
5 shall never be taxed at a higher rate than the lands and  
6 other property belonging to or owned by residents of the  
7 State.
- 8 3. Income, gross, sales, service, occupation, and all  
9 other taxes, licenses and fees, which are in any manner either  
10 based upon or measured by either gross receipts or  
11 either gross or net income, shall not exceed, when combined  
12 together in an aggregate sum, 25% of the total gross receipts  
13 from all sources of the tax-payer in any one calendar or  
14 fiscal year.

November 16<sup>7</sup>, 1955

Constitutional Convention of Alaska

PROPOSAL NO. 4

Introduced by R.E. Robertson

Finance: To limit the amount of current, bonded, and other indebtednesses to which the State, Municipalities, School Districts, Public Utility Districts, and other Taxing Authority Districts shall be subjected or which they may incur.

RESOLVED, that the following be agreed upon as part of the Alaska State Constitution.

1           1. The State shall not incur or subject itself to current,  
2 bonded, and other indebtednesses the total whereof in effect at  
3 any one time, whether due or not due, is in excess of 25% of the  
4 total assessed valuation of all of the taxable property in the State.

5           2. No city, town, village, municipality, school district, public  
6 utility district, highway or road district, or other taxing author-  
7 ity area or district shall incur or subject itself to current,  
8 bonded, and other indebtednesses the total whereof in effect at  
9 any one time, whether due or not due, shall exceed 15% of the total  
10 assessed valuation of all of the taxable property in the respective  
11 city, town, village, municipality, school district, public utility  
12 district, highway or road district, or other taxing authority area  
13 or district wherein it is located. The assessed valuation of  
14 property shall be used only once as a factor in computing the total  
15 indebtednesses when that property is situated within two or more  
16 taxing authority areas or districts.

17           3. Property shall be assessed at its full and actual value.

CONSTITUTIONAL CONVENTION OF ALASKA

PROPOSAL NO. 6

Introduced by: Maurice T. Johnson  
and John B. Coghill

EDUCATION

RESOLVED, that the following be agreed upon as part of the  
Alaska State Constitution.

1 Sec. 1. Every person has a right to education to the fullest  
2 extent of the capabilities of each person and to the extent  
3 permitted by the facilities of the state.

4 Sec. 2. The State's responsibility for the education of its  
5 people is here declared to be clear, positive and final. The  
6 Legislature may delegate by statute its responsibility, power  
7 and authority to local communities or political subdivisions  
8 of the State, but such authority when delegated may be  
9 extended, withheld or withdrawn at any time the Legislature  
10 deems it necessary or expedient. It is the intent and pur-  
11 pose of this article that Education shall be free from the  
12 domination and control of any branch, department, or official  
13 of the state government, or from any professional group or  
14 person, and reserving all final control, power and authority  
15 to the people of the State, through their chosen representa-  
16 tives, the Legislature.

17 Sec. 3. The Legislature shall provide for the establishment,  
18 maintenance and support of a uniform system of free public  
19 schools, and such other educational institutions for special-  
20 ized training and for the education of the physically and

1 mentally handicapped as may be deemed desirable. Such insti-  
2 tutions shall be non-sectarian, non-political, and open and  
3 available to all without regard to race, color, creed or age.

4 Sec. 4. The Legislature shall provide for the compulsory  
5 attendance at some public school, unless other state approved  
6 means of education are provided, of all the children in the  
7 state who are sound in mind and body between the ages of  
8 eight and sixteen, provided, however, the Legislature in its  
9 discretion shall have power to require a greater range of com-  
10 pulsory attendance, but in no case shall the range herein  
11 given be reduced.

12 Sec. 5. The English language shall be the official language  
13 of the School System and shall be taught in all schools of the  
14 state whether Public, private, denominational or parochial.

15 Sec. 6. The Legislature may provide for the establishment of  
16 private schools by individuals, groups, institutions or corp-  
17 orations under charter from the State. The State shall estab-  
18 lish minimum educational standards for such schools, but such  
19 schools shall be secure in the right to teach such principles  
20 as the governing body shall decide over and above the State  
21 requirements, provided such teachings are not otherwise con-  
22 trary to the statutes or the constitution of the State.

23 Sec. 7. No public funds from whatever source, local or state,  
24 shall be used directly or indirectly for the support, opera-  
25 tion or maintenance, including transportation and other auxil-

1 iary services, for any schools or children therein except  
2 those Public Schools under the exclusive supervision and  
3 direction of the State.

4 Sec. 8. All local and state school property, except income  
5 property, shall be exempt from any form of state or local  
6 taxation.

7 Sec. 9. The Legislature shall provide for the recall for  
8 cause of any elected or appointed person or official connec-  
9 ted with the Public School System.

10 Sec. 10. The general appropriations bill shall include ap-  
11 propriations for the support and maintenance of Public educa-  
12 tion. All funds so appropriated for schools shall have first  
13 priority on state funds after funds appropriated for the sal-  
14 aries of state officials.

15 Sec. 11. The Teachers' Retirement System shall be deemed a  
16 contract between the individual members and the State, and  
17 the Legislature shall make no laws or any other provisions  
18 which shall diminish or impair this obligation. The Legis-  
19 lature shall provide the manner of selecting the securities  
20 for the investment of any Retirement Funds, prescribe the  
21 rules and regulations and conditions upon which such funds  
22 shall be invested, and do all things necessary for the  
23 safety of the fund, and the State shall reimburse said Re-  
24 tirement fund for all losses thereof which may in any manner  
25 occur.

1 Sec. 12. The State shall incur no public school debt with-  
2 out first obtaining sanction of the people of the State in  
3 a state-wide referendum, and no local school unit shall in-  
4 cur any debt for any school purpose without first obtaining  
5 the approval of the people of the local unit.

6 Sec. 13. (a) The State hereby accepts all grants of land  
7 and donations of money made by the United States under the  
8 provisions of the Enabling Act, any other Acts of Congress,  
9 for the uses and purposes and upon the conditions, and  
10 under the limitations for which the same are granted or  
11 donated; and the faith of the State is hereby pledged to  
12 preserve such lands and moneys derived from the sale of any  
13 said lands as a sacred trust, and to keep the same for the  
14 uses and purposes for which they were granted or donated.

15 (b) All proceeds of the sale of public lands that have here-  
16 tofore been or may be hereafter given by the United States  
17 for the use and benefit of the Public Schools of the State,  
18 all such per centum as may be granted by the United States  
19 on the sales of public lands, timber, mineral or petroleum  
20 products, the proceeds of all property that shall fall to  
21 the State by escheat, the proceeds of all defunct school pro-  
22 perty, the proceeds of all gifts or donations to the State  
23 for Public Schools not otherwise appropriated by the terms  
24 of the gift, and such other appropriations, gifts or dona-  
25 tions as shall be made by the Legislature, the United States,

1 any corporation, any person or institution for the benefit  
2 of the Public Schools, shall constitute the permanent school  
3 fund, the income from which shall be used for the maintenance  
4 of the Public Schools of the State. The principal shall be  
5 deemed a trust fund held by the State, and shall forever re-  
6 main inviolate. It may be increased, but shall never be  
7 diminished. The State shall reimburse said permanent school  
8 fund for all losses thereof which may in any manner occur,  
9 and no portion of said fund shall be diverted for any other  
10 use or purpose.

11 (c) The interest and income of the permanent school fund,  
12 the net income from the leasing of public lands which have  
13 been or may be granted by the United States to the State  
14 for the use and benefit of the Public Schools, together with  
15 any revenues derived from taxes authorized to be levied for  
16 such purpose, any other sums which may be added thereto by  
17 law, shall be used and applied each year for the benefit of  
18 the Public Schools of the State, and no part of the fund  
19 shall ever be diverted from this purpose, or used for any  
20 other purpose than the support and maintenance of Public  
21 Schools for the equal benefit of all the people of the State.

22 (d) All public lands set apart to the State by Congress for  
23 charitable, penal, educational and public buildings purposes,  
24 and all lands taken in lieu thereof, may be sold by the State.  
25 under such rules and regulations as the Legislature may pre-

1 scribe, in conformity with the regulations of the Enabling  
2 Act.

3 (e) The Legislature shall provide for the investment of the  
4 permanent school funds and other educational funds, but in no  
5 case shall such funds be loaned to the State or any political  
6 subdivision of the State. The Legislature shall provide the  
7 manner of selecting the securities for such funds, prescribe  
8 the rules and regulations, restrictions and conditions upon  
9 which such funds shall be loaned or invested, and do all  
10 things necessary for the safety of the funds and permanency  
11 of the investment. The State shall reimburse said permanent  
12 school fund and other educational funds for all losses there-  
13 of which may in any manner occur, and no portion of said  
14 funds shall be diverted for any other use or purpose.

15 Sec. 14. The enumeration in this article of specific func-  
16 tions shall not be construed as limitations upon the powers  
17 of the State government. The State government shall have  
18 full power to act for the government and good order of the  
19 State, and for the health, safety and welfare of its citizens,  
20 by all necessary and convenient means, subject only to the  
21 limitations prescribed in this constitution and in the Consti-  
22 tution of the United States.



BASIC PRINCIPLES OF EDUCATION TO BE INCLUDED IN THE  
CONSTITUTION FOR THE STATE OF ALASKA

\* \* \*

Jointly Formulated and Approved  
by the  
Alaska School Boards Association  
and the  
Superintendents' Advisory Commission  
meeting in Anchorage October 17 - 19, 1955

\* \* \*

1. Education is a paramount duty and responsibility of the State.
2. There shall be complete separation of Church and State.
3. The State shall establish a free non-sectarian and non-political public school system which shall be open to all, regardless of race or creed.
4. The State shall make no laws abridging the right of private education at private institutions which are chartered by the State and which maintain minimum standards set by the State.
5. The State shall require compulsory school attendance.
6. The English language shall be the official language of all schools within the State.
7. The appropriations made by the Legislature for the operation and maintenance of Public Schools shall be contained in the general Appropriations Bill, and this School Appropriation shall have priority over all other appropriations after the payment of salaries of personnel engaged in general administration of State affairs.
8. The Teachers Retirement System shall be deemed a contract between the State and the individual teacher.
9. The Constitution shall provide for a permanent school fund consisting of monies derived from the sale of lands granted by the several acts of Congress and by the State of Alaska and from other sources and shall provide for the investment, safety and perpetuation of the fund.
10. Each school district shall be deemed a taxing unit and shall certify to the proper collecting agency its millage rate levy without reference to any other taxing unit.
11. The members of the Board of Regents of the University of Alaska, the members of the State Board of Education and the Commissioner of Education shall be appointed in the same manner, and under the same conditions as prevail under the present Territorial form of Government.
12. It is recommended that the Constitutional Convention give serious consideration to the use of recall, initiative and referendum as a means of popular Government.

*From Davidson,  
Supt. of Schools,  
Ketchikan -  
Nov. 17 1955*

*Mr. Smith  
These are the recommendations I promised to send you.  
Thanks for any consideration you may give them.  
D. Davidson*

BASIC PRINCIPLES OF EDUCATION TO BE INCLUDED IN THE  
CONSTITUTION FOR THE STATE OF ALASKA

\* \* \*

Notes of Explanation and Clarification

\* \* \*

1. Education is a paramount duty and responsibility of the State.

The State's responsibility for the education of its people must be made clear, positive and final. The Legislature may delegate by statute its responsibility, power and authority to local communities for political sub-divisions of the State but such authority, when delegated, may be extended, withheld or withdrawn at any time the Legislature deems it necessary or expedient. Our Federal Constitution makes no mention of education and at least by implication in the Tenth Amendment education is made a responsibility of the State. It is the intent and purpose of this principle that we should make it unmistakably clear that the chief and compelling responsibility for education rests upon the State. The United States has become industrial, scientific and democratic and as far as anyone can foresee, this type of social order will prevail for the next 50 or 100 years. The nation is committed to democracy wherein, as Robert M. Hutchins puts it "Every man is a ruler". If we are to solve the problems of an industrial, scientific and democratic society every person must learn to think for himself about the fundamental issues of human life and organized society. For a democratic society the alternatives are education, or the abandonment of universal suffrage. A democratic State must educate or die. In a democratic State then, education becomes a right as sacred and fundamental as the freedom of speech, freedom of the press and an impartial judiciary. For these reasons the constitution must proclaim and reiterate the right of every person to as much education as his capabilities will permit. So vital to the life of a democratic society is education that it cannot be left to the discretion of local Governments. It must be a compelling and positive responsibility of the State.

2. There shall be complete separation of Church and State.

The Constitution must positively prohibit the use of public funds - either State or local for private, denominational or parochial schools. This prohibition must be so air-tight as to eliminate any possibility of the use of public funds by private schools or non-public schools for textbooks, transportation, school lunches or any other purpose whatsoever, regular, auxiliary or incidental. This prohibition does not arise from any prejudice against private schools nor from any lack of appreciation of the work done by the Church in the history of education. The history of education in the United States shows clearly the unfortunate circumstances that arise when private schools are subsidized from public funds. Private or non-public schools thrive and multiply as a result of public subsidy. By this means, or in this way, public funds, always limited, are so divided that standards of all schools are thereby .

reduced. The public schools, wholly dependent upon public funds are the ones most affected. In the early part of the 19th century in many eastern cities, and some States, Church schools did share in public funds. When grants were once made to any one Church school, then all other denominations immediately applied for their share. The result was so disastrous that public schools were established and public funds were forbidden to any school in which "any religious sectarian doctrine or tenent should be taught, inculcated or practiced".

3. The State shall establish a free non-sectarian and non-political public school system which shall be open to all, regardless of race or creed.

The schools must be non-sectarian and non-political. The non-sectarian aspect must be positively and unequivocally stated in the Constitution. Our trust in Divine Providence and our allegiance to the Christian principles can be stated but sectarianism must be prohibited in the public schools. The schools must be free and open to all races. There must be no "Jim Crow" legislation in Alaska.

4. The State shall make no laws abridging the right of private education at private institutions which are chartered by the State and which maintain minimum standards set by the State.

The Constitution should permit the establishment of private, denominational and parochial schools and such schools should be secure in their right to teach such things as the governing body shall decide in addition to the States' minimum requirements. The State has a stake in every child as a future citizen regardless of the type of school he attends, and consequently the State has the right and must set the minimum standards for all schools whether public or non-public. All private schools should be chartered by the State, and no school should be allowed to exist that does not maintain State minimum standards.

5. The State shall require compulsory school attendance.

Every State in the Union, has by its Constitution, or by statute, provided for compulsory school attendance. Education is so important to the State that it has the right and the responsibility to require compulsory attendance at a public school or a state approved private, denominational or parochial school. It is perhaps unwise to state in the Constitution or to give in the Constitution a particular age range. This can be done by statute, but the principle that the State has the right to compel parents to send their children to school should be included in our Constitution.

6. The English language shall be the official language of all schools within the State.

A common language is one of our greatest unifying forces. Here in Alaska we have experienced little difficulty with this problem, but in some States settlements of foreign born have continued to use the native tongue in its parochial schools. By Constitutional decree, English should be made the official language of all schools of the State of Alaska.

10. Each school district shall be deemed a taxing unit and shall certify to the proper collecting agency its millage rate levy without reference to any other taxing unit.

This principle implies that each school district created by the State shall be a fiscally independent unit. It assumes that the Constitution will provide for some intermediate collecting agency. The governing body of each taxing unit then should have the power to certify its millage tax levy to the collecting agency without reference to any other taxing unit. It implies that each taxing unit, whether it be a municipality, school district or public utility district shall be fiscally independent and subject only to restrictions and limitations set by the State Legislature.

11. The members of the Board of Regents of the University of Alaska, the members of the State Board of Education and the Commissioner of Education shall be appointed in the same manner, and under the same conditions as prevail under the present Territorial form of Government.

The history of education in the United States and some 22 years of experience in Alaska indicates clearly that an appointive State Board of Education is superior to an elected board. This appointed Board of Education should have the power to appoint a Commissioner of Education who will be selected on the basis of professional qualifications. Our experience with the present or Territorial plan of an appointive board has been so satisfactory that we believe that the plan should be adopted by the State Government. The schools must be kept free from any sort of political or partisan influence, and the appointive board is the best means of achieving this goal. The Board of Regents of the University of Alaska, as an appointive Board, has worked well, and the present plan, under the Territorial form of Government should be continued into the State Government. Under no circumstances should public education and higher education be combined under one Board. Experiences in the States with this type of organization has not always been successful. Alaska's experience over the last 22 years with an appointive Board of Education and a separate appointive Board of Regents for higher education has been so productive of good results that we believe that the State Government should adopt and continue the Territorial plan of organization. If the Territorial plan for education is adopted by the State, the transition from the Territorial form of Government to the State Government can be made with the same personnel and without confusion or difficulty.

12. It is recommended that the Constitutional Convention give serious consideration to the use of recall, initiative and referendum as a means of popular Government.

This recommendation, that the Constitutional Convention give serious consideration to the use of the recall, initiative and referendum, in reality has no place under these recommendations for education, but it is felt that it is so important that the recommendation should be made although, it is a general provision of the Constitution and not specifically educational in nature.

MEMORANDUM

Subject: Taxing limitations of Alaska Organic Act.

The following sections of the Organic Act and Federal law are the major provisions relating to limitations on the taxing powers of the Territory and local governments in Alaska.

\* \* \* \* \*

Sec. 78

All taxes shall be uniform upon the same class of subjects and shall be levied and collected under general laws, and the assessments shall be according to the true and full value thereof, except that unpatented mining claims and nonproducing patented mining claims which are also unimproved, may be valued at the price paid the United States therefore, or at a flat rate fixed by the legislative, but if the surface ground is used for other than mining purposes, and has a separate and independent value for such other purposes, or if there are improvements or machinery or other property thereon of such a character as to be deemed a part of the realty, then the same shall be taxed according to the true and full value thereof.

Sec. 79

No tax shall be levied for Territorial purposes in excess of 2 per centum upon the assessed valuation of the property therein in any one year.

Sec. 44

No incorporated town or municipality shall levy any tax, for any purpose, in excess of 3 per centum of the assessed valuation of property within the town in any one year.

Memorandum  
Finance Committee

The committee has tentatively adopted the following:

1. No tax shall be imposed by the state upon any lands or other property now owned or hereafter acquired by the United States except insofar as Federal Law may allow, and such immunity to taxation shall extend to all property owned by natives which may be held in trust by the United States, or over which the United States has complete jurisdiction, <sup>BUT IT</sup> Such ~~immunity~~ does not apply to property of individual natives when held in fee without restrictions on alienation.

2. The debts and liabilities <sup>(Kodiak lands?)</sup> of the Territory of Alaska shall be assumed and paid by the State of Alaska and debts owed to the Territory of Alaska shall be collected by the State.

3. The lands and other property belonging to citizens of the United States <sup>NOT RESIDENTS OF</sup> ~~residing without~~ the State of Alaska, shall never be taxed at a higher rate than the lands and other property belonging to residents ~~thereof.~~ <sup>OF ALASKA</sup>

4. The power of taxation shall never be surrendered, *and shall never be suspended or contracted away except as herein provided,*

5. No tax shall be levied, or appropriation of public money or property made, nor shall the public credit be used, directly or indirectly, except for a public purpose.

6. The property of the State, municipal corporations, and

other political subdivisions, both real and personal, and such <sup>so much of it</sup> ~~as~~ <sup>all the</sup>

<sup>the portion</sup> <sup>such</sup> other property used exclusively for non-profit religious, chari-  
table, <sup>as defined by law</sup> cemetery or educational purposes is hereby exempt from

taxation. Exemption from taxation may be granted only by general

<sup>Except that,</sup> laws. Until otherwise provided by law, all exemptions from tax-

ation ~~validly granted and~~ now in existence shall be continued.

~~Exemptions from taxation may be allowed, altered or repealed.~~

Barrie M. White, Jr., Sec.

Referred to Committee on  
Finance and Taxation  
November 25, 1955

Constitutional Convention of Alaska

PROPOSAL NO. 20

Introduced by Jack Hinckel

To limit the assessed valuation of a single family dwelling, occupied by the owner as a home and place of residence, and thus enable the unrestricted improvement of such property as the fancy and ability of the owner permits; without fear that changes in classification, methods of assessment, fluctuations in monetary values or retirement of the owner on fixed income would preclude the possibility of retention of the property as a home after years of planning and creation.

RESOLVED, that the following be agreed upon as a part of the Alaska State Constitution:

1       Neither the State, nor any civil division thereof, shall  
2       place a valuation for tax assessment purposes on any non-income,  
3       single family dwelling and a reasonable amount of contiguous  
4       land in excess of a figure to be fixed by the State Legislature,  
5       during such time as the property is maintained by the owner  
6       as a place of residence; nor may the millage rate of taxation  
7       on such property be above a figure also set by the State  
8       Legislature, except for assessments for special benefits when  
9       approved by the majority of property owners in the district



1 to be so assessed. The assessment maximum thus set by the  
2 Legislature shall be such that payment of the property tax will  
3 be possible by a person of moderate circumstances and income.  
4 Reaffirmation or revision of the valuation and millage maximums  
5 so set shall take place every ten years, or at any session of  
6 the legislature upon petition.

Note: It is the contention of the proposer of the above that all residents of the State of Alaska would benefit by adoption of this or some similar proposal. It is also contended that no community would suffer from loss of taxes by the adoption of such a measure as the actual difference in taxes collected would be small in comparison to the benefits to the populace in security and peace of mind. Increased building and general improvement of properties would also result.

I have personally known people who, after spending all their working days improving their homes and making them just what they wanted them to be for their days of retirement, on retirement have been forced to sell their homes because deflation of the dollar or inflation of property values has increased the assessment value to the point that retention of the property was beyond their means. I have known others whose property has been rezoned into a business district and the property values trebled overnight. If a person improves his property he is not only enhancing the value of it but he is usually employing other people in making the improvement, making the community a more attractive place and benefiting the area as a whole. I think that such improvement should be encouraged and people should be assured that by making extensive improvement they are not taking the chance of later losing their property.

I do not think that anyone should feel that the person who may have a more pretentious home than himself is being shown a preference in this method of assessment. Even if his own home does not have a value above the maximum assessment figure set he will be assured of a maximum rate and the security offered in the clauses on zoning and classification.

I think that the attitude should be as was expressed by Abraham Lincoln on March 21, 1864:

"Property is the fruit of labor. Property is desirable. That some should become rich shows that others may become rich, and hence is just encouragement to industry and enterprise. Nor let him who is homeless pull down the home of another; but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built."

Preliminary Draft

ARTICLE ON FINANCE AND TAXATION

Taxing 1 Section 1. The power of taxation shall never be surrend-  
Power 2 ~~ered, and shall never~~ be suspended, or contracted away  
3 except as provided herein.

Taxation 4 Section 2. The lands and other property belonging to  
of 5 citizens of the United States residing without the State  
Nonresi- 6 shall never be taxed at a higher rate than the lands and  
dents 7 other property belonging to residents.

Assessment 8 Section 3. The legislature shall provide for the method  
and taxa- 9 of assessment of all real property assessed locally or by  
tion of 10 the state according to the same standard of value.

property 11 Section 4. The property of the State, municipal corpor-  
Exemp- 12 ations, and other political subdivisions, both real and  
tions 13 personal, and all or any portion of other property used  
14 exclusively for non-profit religious, charitable, or  
15 educational purposes as defined by law, is exempt from  
16 taxation. Other exemptions may be granted by general  
17 law and until otherwise provided by law, all exemptions  
18 from taxation validly granted are extended.

Taxation 19 Section 5. No tax shall be imposed upon any lands or  
of U. S. 20 other property owned or acquired by the United States,  
property 21 except as permitted by Federal Law. Immunity to tax-  
prohibited 22 ation extends to all property owned by natives, which

1 is held in trust by the United States, or over which  
2 the United States has complete jurisdiction. Immunity  
3 to taxation does not apply to property of (individual)  
4 natives when held in fee without restrictions on aliena-  
5 tions.

Taxation of 6 Section 6. Persons holding leaseholds, contracts, or  
interests 7 other interests in land held by the United States shall  
in U. S. 8 be taxable to the extent of their respective interests.  
property. 9 Section 7. No tax shall be levied or appropriation of  
Taxation 10 public money or property made, nor shall the public credit  
for public 11 be used except for a public purpose.

purpose 12 Section 8. Unless state participation in Federal programs  
13 will thereby be denied, all tax revenues shall be deposi-  
Earmarking 14 ted in a general fund. This provision shall not prohibit  
Restricted 15 the continuance of any special fund for special purposes  
16 upon the date of ratification of this Constitution by the  
17 people of Alaska.

Debt 18 Section 9. No debt shall be contracted by or in behalf of  
19 the state unless such debt shall be authorized by law for  
20 a single capital improvement distinctly specified therein;  
21 and no law shall, except for the purpose of repelling in-  
22 vasion, supressing insurrection, defending the state in  
23 war, meeting natural catastrophes, or redeeming the in-  
24 debtedness of the state outstanding at the time this con-  
25 stitution becomes effective, take effect until it shall

1 have been submitted to the qualified voters and have  
2 received a favorable majority of all votes cast upon  
3 such question; except that the state may by law borrow  
4 money to meet appropriations for any fiscal year in anti-  
5 cipation of the collection of the revenues of that year,  
6 but all debts so contracted shall be paid within one  
7 year; and except that the state may create in any fiscal  
8 year liabilities of the state, which together with any  
9 previous liabilities shall not exceed at any time \_\_\_\_\_  
10 percent of the total amount appropriated by the last  
11 general appropriation law, provided that such liabilities  
12 shall be discharged within five years.

13 The provisions of this section shall not apply to in-  
14 debtedness incurred under revenue bond statutes by a  
15 public enterprise of the state or political subdivision,  
16 or by a public corporation, when the only security for  
17 such indebtedness is the revenues of such enterprise or  
18 public corporation, or to indebtedness incurred under  
19 special improvement statutes when the only security for  
20 such indebtedness is the properties benefited or im-  
21 proved or the assessments thereon.

Governor's  
Budget

22 Section 10. Within such time prior to the opening of  
23 each regular session as may be prescribed by law, the  
24 governor shall submit to the legislature a budget setting  
25 forth a complete plan of proposed expenditures and anti-

1 cipated income of all departments, offices and agencies  
2 of the state for the next ensuing year. At the time of  
3 submitting the budget to the legislature, the governor  
4 shall also submit a general appropriation bill to auth-  
5 orize all proposed expenditures set forth in the budget.  
6 At the same time he shall submit to the legislature a  
7 bill or bills covering all recommendations in the budget  
8 for new or additional revenues.

Legislation

Post-audit

9 Section 11. The legislature shall appoint an auditor,  
10 who shall be a certified public accountant and who shall  
11 serve during its pleasure. It shall be the duty of the  
12 auditor to conduct post-audits in the manner provided by  
13 the legislature and to report to the governor and the  
14 legislature.

Territorial

debt assumed

15 Section 12. The debts and liabilities of the Territory  
16 of Alaska shall be assumed and paid by the State of  
17 Alaska and debts owed to the Territory of Alaska shall  
18 be collected by the State.

Constitutional Convention  
Delegate Proposal/41  
Referred to Committee on Finance  
and Taxation  
December 6, 1955

Constitutional Convention of Alaska

DELEGATE PROPOSAL NO. 41

Introduced by Truman Emberg

REVERSION OF FUNDS ORIGINATING FROM DISPOSAL OF  
NATURAL RESOURCES TO SOURCE AREAS

RESOLVED, that the following be agreed upon as  
part of the Alaska State Constitution:

1           A fair and reasonable share of the wealth produced from  
2 Alaska's natural resources shall be retained and used in the  
3 regions and areas in which the resources are located for economic  
4 and socially beneficial purposes. To serve this end, it is  
5 provided that wherever a unit of Local Government is organized  
6 12½ percent of the revenues derived by the State from the sale,  
7 grant, deed, patent, or lease of public lands, mineral deposits,  
8 water, submerged and tidal lands, forest lands, and other  
9 natural resources located within the boundaries of that unit  
10 shall be refunded to it for use in financing its local functions.

DELEGATE PROPOSAL NO. 41

"A"  
1. No money clause  
2. No app. to ex. 10  
3. Local gov.

12  
W

Ellis  
O'Brien  
McKean  
Morgan  
Sadler

Constitutional Convention  
XI/Finance & Taxation  
December 9, 1955

Preliminary Draft

ARTICLE ON FINANCE AND TAXATION

Taxing 1 Section 1. The power of taxation shall never be surren-  
Power 2 dered; and shall never be suspended, or contracted away,  
3 except as provided herein.

Taxation 4 Section 2. The lands and other property belonging to  
of 5 citizens of the United States residing without the State  
Nonresi- 6 shall never be taxed at a higher rate than the lands and  
dents 7 other property belonging to residents.

Assessment 8 Section 3. The legislature shall provide for the method  
and taxa- 9 of assessment of all ~~real~~ property assessed locally or by  
tion of 10 the state. ~~according to the same standard of value.~~ *establish the standards for*  
*real & personal* *Keep it in*

property 11 Section 4. The ~~property of the State, municipal corpor-~~  
Exemp- 12 ~~ations, and other political subdivisions, both real and~~  
tions 13 ~~personal,~~ and all or any portion of other property used  
14 exclusively for non-profit religious, charitable, or  
15 educational purposes as defined by law, is exempt from  
16 taxation. Other exemptions may be granted by general  
17 law, and until otherwise provided by law, all exemptions  
18 from taxation ~~validly granted~~ *retained* are extended.

Taxation 19 Section 5. No tax shall be imposed upon any lands or  
of U. S. 20 other property owned or acquired by the United States,  
property 21 except as ~~permitted~~ *allowed* by Federal Law. Immunity - to tax-  
prohibited 22 ation extends to all property owned by natives, which

McKean  
Morgan

Set  
McKean  
Morgan

Q

1 is held in trust by the United States, or over which  
2 the United States has complete jurisdiction. Immunity  
3 to taxation does not apply to property of ~~individuals~~  
4 natives when held in fee without restrictions on aliena-  
5 tions.

Taxation of 6 Section 6. <sup>Private</sup> ~~Persons~~ <sup>held</sup> holding leaseholds, contracts, or  
interests 7 other interests in land <sup>owned or held by</sup> the United States shall  
in U. S. 8 be taxable to the extent of <sup>the</sup> ~~their respective~~ interests.

property. 9 Section 7. No tax shall be levied or appropriation of  
Taxation 10 public money, <sup>made</sup> or <sup>property</sup> <sup>transferred</sup> made, nor shall the public credit  
for public 11 be used, except for a public purpose.

purpose 12 Section 8. <sup>EXCEPT WHERE</sup> Unless state participation in Federal programs  
13 will thereby be denied, all tax revenues shall be deposi-  
Earmarking 14 <sup>the state has no access for special purposes</sup> ted in a general fund. This provision shall not prohibit  
Restricted 15 <sup>allocation</sup> the continuance of any special fund for special purposes <sup>existing</sup>  
16 upon the date of ratification of this Constitution by the  
17 people of Alaska.

Debt 18 Section 9. No debt shall be contracted by or in behalf of  
19 the state unless such debt shall be authorized by law for  
20 a single <sup>elim.?</sup> capital improvement distinctly specified therein;  
21 and no <sup>such</sup> law shall, except for the purpose of repelling in-  
22 vasion, supressing insurrection, defending the state in  
23 war, meeting natural catastrophes, or redeeming the in-  
24 debtedness of the state outstanding at the time this con-  
25 stitution becomes effective, take effect until it shall



1 have been submitted to the qualified voters and have  
 2 received a favorable majority of all votes cast upon  
 3 such question; ~~except that~~ the state may by law borrow  
 4 money to meet appropriations for any fiscal year in anti-  
 5 cipation of the collection of the revenues of that year,  
 6 but all debts so contracted shall be paid within one  
 7 year; ~~and except that~~ the state may create in any fiscal  
 8 year liabilities of the state, which together with any  
 9 previous liabilities shall not exceed at any time \_\_\_\_\_ 3%  
 10 percent of the total amount appropriated by the last  
 11 general appropriation law, provided that such liabilities  
 12 shall be discharged within five years.

13 The provisions of this section shall not apply to in-  
 14 debtedness incurred under revenue bond statutes by a  
 15 public enterprise of the state or political subdivision,  
 16 or by a public corporation, when the only security for  
 17 such indebtedness is the revenues of such enterprise or  
 18 public corporation, or to indebtedness incurred under  
 19 special improvement statutes when the only security for  
 20 such indebtedness is the properties benefited or im-  
 21 proved or the assessments thereon.

Governor's  
 Budget

22 Section 10. <sup>At</sup> ~~Within~~ such time prior to the opening of  
 23 ~~each regular session~~ as may be prescribed by law, the  
 24 governor shall submit to the legislature a budget setting  
 25 forth a complete plan of proposed expenditures and anti-

*Coordinate  
 with exec.*

1 cipated income of all departments, offices and agencies  
 2 of the state for the next ensuing <sup>Fiscal</sup> year. At the time of  
 3 submitting the budget to the legislature, the governor  
 4 shall also submit a general appropriation bill to auth-  
 5 orize all proposed expenditures set forth in the budget.  
 6 At the same time he shall submit to the legislature a  
 7 bill or bills covering all recommendations in the budget  
 8 for new or additional revenues.

*Malaga's  
 Proposals  
 13*

Legislation. 9 Section 14. The legislature shall appoint an auditor,  
 Post-audit 10 who shall be a certified public accountant and who shall  
 11 serve during its pleasure. It shall be the duty of the  
 12 auditor to conduct <sup>such (copies)</sup> post-audits <sup>as may be prescribed by law</sup> in the manner provided by  
 13 ~~the legislature~~ and to report to the governor and the  
 14 legislature.

Territorial 15 Section 15. The debts and liabilities of the Territory  
 debt assumed 16 of Alaska shall be assumed and paid by the State of  
 17 Alaska and debts owed to the Territory of Alaska shall  
 18 be collected by the State.

*Transitional  
 Copies  
 made here*

*Assets  
 school fund  
 48 USC + 31*

"B"

COMMITTEE ON FINANCE & TAXATION

Section 4. The real and personal property of the State and of its political subdivisions shall be exempt from taxation under such conditions and with such exceptions as the Legislature may direct. Real and personal property owned by non-profit, cemetery, charitable, educational, or religious associations <sup>shall</sup> (may) be by law exempted from taxation to the extent to which the properties are used for cemetery, charitable, educational, or religious purposes.

Debt for 1 Section 9. No debt shall be contracted by or in behalf  
 Capital 2 ~~of the state or any political subdivision thereof,~~ <sup>the</sup> unless ~~such~~ debt shall be authorized by law for  
 Improvements 3 ~~capital improvement or~~ improvements distinctly specified  
 4 <sup>such</sup> therein; and no law shall, except for the purpose of repell-  
 5 ing invasion, suppressing insurrection, defending the state  
 6 in war, meeting natural catastrophes, or redeeming the in-  
 7 debtedness of the state outstanding at the time this consti-  
 8 tution becomes effective, take effect until it ~~shall have~~ <sup>has</sup>  
 9 been submitted to the qualified voters and ~~have~~ <sup>has</sup> received a  
 10 favorable majority of all votes cast ~~upon such question.~~

See  
Article 11

Tax 11 Section 10. The state may by law borrow money to meet  
 Anticipation 12 appropriations for any fiscal year in anticipation of the  
 Notes 13 collection of the revenues of that year, but all debt so  
 14 contracted shall be paid within one year.

Short-term 15 ~~Section 11.~~ The state may create in any fiscal year  
 debt 16 liabilities of the state, which together with any previous  
 17 liabilities shall not exceed at any time ----- percent of  
 18 the total amount appropriated by the last general appropria-  
 19 tion law, provided that such liabilities shall be discharged  
 20 within five years.

Revenue 21 Section 11. The restrictions <sup>in</sup> of this Constitution <sup>on the contracting</sup>  
 Debt 22 ~~shall~~ <sup>do</sup> not apply ~~to~~ <sup>to</sup> refunding ~~state~~ <sup>of</sup> indebtedness, <sup>of debt</sup> to in-  
 23 debtedness incurred under revenue bond/statutes by a public  
 24 enterprise of the state or political subdivision, or by a  
 25 public corporation, when the only security for such indebted-

on the contracting of debt

1 ness is the revenues of ~~such~~ <sup>the</sup> enterprise or public corpora-  
2 tion; or to indebtedness incurred under special improvement  
3 statutes when the only security for such indebtedness is the  
4 properties benefited or improved or the assessments thereon.

Constitutional Convention  
XI/Finance and Taxation/16  
December 4, 1955

MEMORANDUM  
Finance Committee

In addition to the memorandum of November 22 and the tentative draft of a section on debt limitation previously submitted, the committee has to date adopted tentatively the following proposals:

1. Except as state participation in Federal programs might thereby be denied, all tax revenues shall be deposited in a general fund to be established and maintained by the State. This provision shall not prohibit the continuance of any special fund for special purposes existing at the effective date of the constitution.

2. Within such time prior to the opening of each regular session as may be prescribed by law, the governor shall submit to the legislature a budget setting forth a complete plan of proposed expenditures and anticipated income of all departments, offices and agencies of the state for the next ensuing year. At the time of submitting the budget to the legislature, the governor shall introduce therein a general appropriation bill to authorize all the proposed expenditures set forth in the budget. At the same time he shall introduce in the legislature a bill or bills covering all recommendations in the budget for new or additional revenues or for borrowing by which the proposed expenditures are to be met.

3. The legislature shall, by a majority of all the members, appoint an auditor, who shall be a certified public accountant and who shall serve during its pleasure. It shall be the duty of the auditor to conduct post-audits in the manner provided by the legislature and to report to the governor and the legislature.

Memorandum

Dec. 19, 1955

As instructed by the committee, the secretary with the aid of Mr. McKean, consultant, drafted committee proposal #9 in final form, together with a letter of transmittal and a commentary. The draft is included herewith, marked "D", including sections 9, 10, and 11 marked "E".

Following consultation with the Local Government Committee, the secretary and Mr. McKean redrafted section 9, as shown on the enclosed section 9, marked "D".

Section 3, draft "D" was amended by adding the words "of the State" at the end of the sentence.

Section 6 was amended by inserting on line 10, after the word "land", the words "or property".

Section 11 was amended by striking lines 21 and 22, to the comma, and inserting in lieu thereof: "The restrictions in this Constitution on the contraction of debt do not apply to refunding indebtedness of the State or any political subdivision thereof;"

Section 12 was amended by striking the word "ensuing" on line 5.

Section 13 was amended by adding a new sentence at the end, as follows: "Assets of the Territory of Alaska shall become assets of the State."

The above amendments were submitted individually to each committee member and accepted without objection.

Respectfully submitted,

Barrie M. White Jr., sec.

MEMORANDUM

TENTATIVE DRAFT OF SECTION ON DEBT LIMITATION

Introduced by Barrie M. White, Jr.

No debt shall be contracted by or in behalf of this state unless such debt shall be authorized by law for a single object *project* (capital improvement) or object (~~capital improvement~~) distinctly specified therein; and no such law shall, except for the purpose of repelling invasion, suppressing insurrection, defending the state in war, meeting natural catastrophes, or redeeming the indebtedness of the state outstanding at the time this constitution (becomes effective), ~~takes effect~~ until it shall have been submitted to the qualified voters and have received a favorable majority of all votes cast upon such question; except that the state may by law borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues of such year, but all debts so contracted (in anticipation of revenues) shall be paid within one year; and except that the state may create in any fiscal year ~~a debt or debts, liability or liabilities~~ of the state, which together with any previous debts or liabilities shall not exceed at any time one per centum of the total amount appropriated by the last general appropriation law, provided that such debts or liabilities shall be discharged within five years.

The provisions of this section shall not be applicable to indebtedness incurred under revenue bond statutes by a public enter-



prise of the state or political subdivision, or by a public corporation, when the only security for such indebtedness is the revenues of such enterprise or public corporation, or to indebtedness incurred under special improvement statutes when the only security for such indebtedness is the properties benefited or improved or the assessments thereon.

The ledger lists as Finance/13 a "Tentative Draft of Section on Debt Limitation". No copy is available. Also, in the Memorandum of December 4, Finance and Taxation/16, there is a reference to a memorandum of November 22, which is not in the ledger and no copies appear to be available.

MEMORANDUM

Subject: Taxing limitations of Alaska Organic Act.

The following sections of the Organic Act and Federal law are the major provisions relating to limitations on the taxing powers of the Territory and local governments in Alaska.

\* \* \* \* \*

Sec. 78

All taxes shall be uniform upon the same class of subjects and shall be levied and collected under general laws, and the assessments shall be according to the true and full value thereof, except that unpatented mining claims and nonproducing patented mining claims which are also unimproved, may be valued at the price paid the United States therefore, or at a flat rate fixed by the legislative, but if the surface ground is used for other than mining purposes, and has a separate and independent value for such other purposes, or if there are improvements or machinery or other property thereon of such a character as to be deemed a part of the realty, then the same shall be taxed according to the true and full value thereof.

Sec. 79

No tax shall be levied for Territorial purposes in excess of 2 per centum upon the assessed valuation of the property therein in any one year.

Sec. 44

No incorporated town or municipality shall levy any tax, for any purpose, in excess of 3 per centum of the assessed valuation of property within the town in any one year.

Constitutional Convention of Alaska

CC  
Committee Proposal/  
Date

COMMITTEE PROPOSAL NO. 9

Introduced by Committee on Finance and Taxation

Article on TAXATION AND FINANCE

RESOLVED, that the following be agreed upon  
as part of the Alaska State Constitution

~~ARTICLE TAXATION AND FINANCE~~

Taxing Power

1 Section 1. The power of taxation shall never be  
2 surrendered; and shall never be suspended or  
3 contracted away, except as ~~herein~~ provided herein.

Taxation of  
non-residents

4 Section 2. The lands and other property ~~of the~~  
5 belonging to ~~the~~ citizens of the United States residing  
6 without the State shall never be taxed at a higher rate  
7 than the lands and other property belonging to the residents <sup>of the S</sup>

Assessment of  
property

8 Section 3. The legislature shall establish the standards  
9 for assessment of all property assessed locally or by the  
10 State.

Exemptions  
from taxation

11 Section 4. The real and personal property of the State  
12 and of its political subdivisions shall be exempt from  
13 taxation under such conditions and with such exceptions  
14 as the legislature may direct. All or any portion of  
15 property used exclusively for non-profit religious,  
16 charitable, cemetery, or educational purposes as defined by  
17 law, is exempt from taxation.

18 Other exemptions of like or different kind may be  
19 granted by general law; and until otherwise provided  
20 by law, all exemptions from taxation validly granted  
21 are retained.

Taxation of U.S. property prohibited 1 Section 5. No tax shall be imposed upon any lands ~~or~~ or  
2 other property owned or acquired by the United States,  
3 except as allowed by Federal law. Immunity to taxation  
4 extends to all property owned by natives which is held  
5 in trust by the United States, or over which the United  
6 States has complete jurisdiction. Immunity to taxation  
7 **does not** apply to property of individuals<sup>/</sup> natives when  
8 held in fee without restrictions on alienation.

Taxation of interests in U.S. property 9 Section 6. Private leaseholds, contracts, or other  
10 interests in land<sup>or property</sup> owned or held by the United States  
11 shall be taxable to the extent of the interests.

Taxation for public purpose 12 Section 7. No tax shall be levied or appropriation<sup>of</sup> of  
13 public money made or public property transferred, nor  
14 shall the public credit be used, except for a public  
15 purpose.

Earmarking restricted 16 Section 8. All revenues shall be deposited in the State  
17 treasury without allocation for special purposes, /except  
18 where state participation in Federal programs will thereb  
19 be denied. This provision shall not prohibit the  
20 continuance of <sup>any</sup> ~~any~~ allocation for special purposes  
21 existing upon the date of ratification of this  
22 Constitution by the people of Alaska.

"D"

Debt Contract  
Restricted

Section 9. No debt shall be contracted by or in behalf of the State, or any political subdivision thereof, unless the debt shall be authorized by law for capital improvements specified therein and be approved by a majority of the qualified voters of the State or of the respective political subdivision voting on the question, provided that the State may by law contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting national catastrophies, or redeeming outstanding indebtedness of the State at the time this Constitution becomes effective.

1 Sect(ion) 12. At such time  
2 governor shall submit to the legislature a  
3 forth a complete plan of proposed expenditures and  
4 anticipated ~~REVENUES~~ income of all departments, offices  
5 and agencies of the state for the next ~~ensuing~~ fiscal year.  
6 At the time of submitting the budget to the legislature,  
7 the governor shall also submit a general appropriation bill  
8 to authorize all proposed expenditures set forth in the  
9 budget. At the same time he shall submit to the  
10 legislature a bill or bills covering all recommendations  
11 in the budget for new or additional revenues.

are of 13 Section 13. No money shall be withdrawn from the treasury  
14 except in accordance with appropriations made by law, nor  
15 shall any obligation for the payment of money be incurred  
16 except as authorized by law.

17 All appropriated funds unexpended at the end of a  
18 period of time specified by law shall be returned to the  
19 ~~XXXXXXXXXX~~ state treasury.

relative  
-audit 20 Section 14. The legislature shall appoint an auditor,  
21 who is a certified public accountant and who shall serve  
22 during its pleasure. It is the duty of the auditor to  
23 conduct such post-audits as may be prescribed by law and  
24 to report to the governor and the legislature.

territorial  
debt assumed 25. Section 15. The debts and liabilities of the Territory  
26 of Alaska shall be assumed and paid by the State of Alaska,  
27 and debts owed to the Territory of Alaska shall be  
28 collected by the State. *Assets of the Territory of Alaska shall  
become assets of the State.*

Constitutional Convention  
Committee Proposal/9  
December 16, 1955

ALASKA CONSTITUTIONAL CONVENTION  
REPORT OF THE COMMITTEE ON  
FINANCE AND TAXATION

Hon. William A. Egan  
President, Alaska Constitutional Convention

My dear Mr. President:

Your Committee on Finance and Taxation presents for consideration of the Convention its proposed article on Finance and Taxation.

Your Committee considered and incorporated in this report many of the ideas contained in Convention proposals numbered 3, 4, 6 (Sections 8, 10, 11, and 12), 20 and 41.

We include a section-by-section commentary on the proposed article.

Respectfully submitted,

Leslie Nerland, Chairman

Dorothy J. Awes

Frank Barr

James Nolan

Frank Peratrovich

Chris Poulsen

Barrie M. White, Jr.



Constitutional Convention of Alaska

COMMITTEE PROPOSAL NO. 9

Introduced by Committee on Finance and Taxation

ARTICLE ON FINANCE AND TAXATION

RESOLVED, that the following be agreed upon as part  
of the Alaska State Constitution

Taxing Power 1 Section 1. The power of taxation shall never be  
2 surrendered; and shall never be suspended or con-  
3 tracted away, except as provided herein.

Taxation of 4 Section 2. The lands and other property belonging  
non-residents 5 to citizens of the United States residing without the  
6 State shall never be taxed at a higher rate than the  
7 lands and other property belonging to the residents  
8 of the State.

Assessment of 9 Section 3. The legislature shall establish the  
Property 10 standards for assessment of all property assessed  
11 locally or by the State.

Exemptions 12 Section 4. The real and personal property of the  
from 13 State and of its political subdivisions shall be ex-  
Taxation 14 empt from taxation under such conditions and with  
15 such exceptions as the legislature may direct. All  
16 or any portion of property used exclusively for

1 non-profit religious, charitable, cemetery, or educa-  
2 tional purposes as defined by law, is exempt from  
3 taxation.

4 Other exemptions of like or different kind may be  
5 granted by general law; and until otherwise provided  
6 by law, all exemptions from taxation validly granted  
7 are retained.

Taxation of 8 Section 5. No tax shall be imposed upon any lands  
U.S. Property 9 or other property owned or acquired by the United  
Prohibited 10 States, except as allowed by Federal law. Immunity to  
11 taxation extends to all property owned by natives which  
12 is held in trust by the United States, or over which  
13 the United States has complete jurisdiction. Immunity  
14 to taxation does not apply to property of individual  
15 natives when held in fee without restrictions on  
16 alienation.

Taxation of 17 Section 6. Private leaseholds, contracts, or other  
Interests in 18 interests in land or property owned or held by the  
U.S. property 19 United States shall be taxable to the extent of the  
20 interests.

Taxation for 21 Section 7. No tax shall be levied or appropriation  
Public 22 of public money made or public property transferred,  
Purpose 23 nor shall the public credit be used, except for a  
24 public purpose.

Earmarking 25 Section 8. All revenues shall be deposited in the  
Restricted 26 State treasury without allocation for special purposes,

1 except where state participation in Federal programs  
2 will thereby be denied. This provision shall not pro-  
3 hibit the continuance of any allocation for special  
4 purposes existing upon the date of ratification of this  
5 Constitution by the people of Alaska.

Debt 6 Section 9. No debt shall be contracted by or in  
Contraction 7 behalf of the State, or any political subdivision  
Restricted 8 thereof, unless the debt shall be authorized by law  
9 for capital improvements specified therein and be  
10 approved by a majority of the qualified voters of the  
11 State or of the respective political subdivision voting  
12 on the question, provided that the State may by law  
13 contract debt for the purpose of repelling invasion,  
14 suppressing insurrection, defending the State in war,  
15 meeting national catastrophies, or redeeming outstand-  
16 ing indebtedness of the State at the time this  
17 Constitution becomes effective.

Tax 18 Section 10. The State may by law borrow money to  
Anticipation 19 meet appropriations for any fiscal year in anticipation  
Notes 20 of the collection of the revenues of that year, but all  
21 debt so contracted shall be paid within one year.

Revenue Debt 22 Section 11. The restrictions in this Constitution  
23 on the contraction of debt do not apply to refunding  
24 indebtedness of the State or any political subdivision  
25 thereof; to indebtedness incurred under revenue bond

1 statutes by a public enterprise of the state or politi-  
2 cal subdivision, or by a public corporation, when the  
3 only security for such indebtedness is the revenues of  
4 the enterprise or public corporation; or to indebted-  
5 ness incurred under special improvement statutes when  
6 the only security for such indebtedness is the pro-  
7 perties benefited or improved or the assessments  
8 thereon.

Governor's  
Budget

9 Section 12. At such time as may be prescribed by  
10 law, the governor shall submit to the legislature a  
11 budget setting forth a complete plan of proposed ex-  
12 penditures and anticipated income of all departments,  
13 offices and agencies of the State for the next fiscal  
14 year. At the time of submitting the budget to the  
15 legislature, the governor shall also submit a general  
16 appropriation bill to authorize all proposed expendi-  
17 tures set forth in the budget. At the same time he  
18 shall submit to the legislature a bill or bills cover-  
19 ing all recommendations in the budget for new or  
20 additional revenues.

Expenditure  
of Money

21 Section 13. No money shall be withdrawn from the  
22 treasury except in accordance with appropriations  
23 made by law, nor shall any obligation for the payment  
24 of money be incurred except as authorized by law. All  
25 appropriated funds unexpended at the end of a period of

1 . time specified by law shall be returned to the state  
2 treasury.

Legislative  
Post-audit

3 Section 14. The legislature shall appoint an audi-  
4 tor who is a certified public accountant and who shall  
5 serve during its pleasure. It is the duty of the  
6 auditor to conduct such post-audits as may be pre-  
7 scribed by law and to report to the governor and the  
8 legislature.

Territorial  
Debt Assumed

9 Section 15. The debts and liabilities of the Terri-  
10 tory of Alaska shall be assumed and paid by the State  
11 of Alaska, and debts owed to the Territory of Alaska  
12 shall be collected by the State. Assets of the  
13 Territory of Alaska shall become assets of the State.

ALASKA CONSTITUTIONAL CONVENTION

Commentary on the Article on Finance and Taxation

(Sec. 1 Taxing Power)

The power to tax is never to be surrendered, but under terms that may be established by the legislature, it may be suspended or temporarily contracted away. This could include industrial incentives, for example.

(Sec. 2 Taxation of Non-residents)

This section and its wording is required by the latest proposed enabling act, H.R. 2535.

(Sec. 3 Uniform Standards for Assessment)

The legislature is authorized to set up, notwithstanding home rule or any system for the selection of assessors, uniform standards of assessment.

(Sec. 4 Exemptions from Taxation)

All property owned by the state and its subdivisions is exempt from taxation unless the legislature directs otherwise. An exception from tax immunity might be appropriate if a government engaged in what is normally a private business, such as operating a ski resort, a moving picture theater, or a swimming pool.

The second sentence of this section is intended to exempt from taxation that part of the property of religious, charitable, cemetery, or educational organizations which is actually used for these purposes, as the legislature may direct. But their property used for other

purposes would be taxable, for example, an office building owned by a college as part of its endowment.

The legislature is authorized to make further tax exemptions to encourage, among other purposes, new industry, and all valid current exemptions are continued.

(Sec. 5 Taxation of United States Property)

This section is required by the latest proposed enabling act, H.R. 2535. Even if it were not included, the state could not, under a long line of U.S. Supreme Court cases, tax federal property.

(Sec. 6 Taxation of Private Interests in U.S. Property)

Taxation is permitted of private interests in land or property owned or held by the United States.

(Sec. 7 Public Purpose Clause)

Public purpose clauses are common to most constitutions, and are included to prevent appropriation of public funds for private purposes.

(Sec. 8 Earmarking of Revenues Restricted)

The allocation of certain revenues to special purposes is prohibited, with two exceptions: (1) if required in order to participate in a federal program or (2) if the earmarking is in existence at the time of ratification of the constitution. Even those persons or interests who seek the dedication of revenues for their own projects will admit that the earmarking of taxes or fees for other interests is a fiscal evil. But if allocation is permitted for one interest the denial of it to another is difficult, and the more special funds are set up the more difficult it becomes to deny other requests until the point is reached where neither the governor nor the legislature has any real control over the finances of the state. In one Rocky Mountain state the legislature

is free to appropriate only 17 per cent of the tax collections; the rest are dedicated. In Alaska at present, 27% of territorial funds are earmarked, primarily for school construction and roads.

(Sec. 9 Debt Contraction)

This section forbids state or local debt except in special emergencies or for the purpose of making capital improvements, the proposals for which must be approved by the voters.

(Sec. 10 Tax Anticipation Notes)

This section permits the state to borrow in anticipation of taxes in any fiscal year money to meet appropriations.

(Sec. 11 Refunding and Revenue Debt)

In a period when interest rates fall, a government may save large amounts of money if it can pay off its old high-rate obligations with new funds borrowed at lower rates. This process, here permitted, is called refunding, and the restrictions on the contraction of original debt are unnecessary; they are here made inapplicable. When the state or its subdivisions can contract debts for special purposes (for example, to build a toll bridge) without pledging more than the improvement or the revenues from the enterprise, such debt is permitted without referendum. This provision is sometimes necessary if a state is to take advantage of federal loans at particularly favorable rates.

(Sec. 12 Budget)

This section requires the governor to submit a complete budget and an appropriation bill to authorize the expenditures he proposes. This process is now standard.



(Sec. 13 Expenditures)

The requirement of appropriation before expenditure is also standard. The second sentence requires the recapture of unexpended balances.

(Sec. 14 Auditor)

The auditor is commonly regarded as a legislative officer, and his appointment is here vested in the legislature.

(Sec. 15 Debts and Assets)

This section provides for the state to take over the debts to and of the Territory of Alaska, as well as its assets.

Constitutional Convention  
XI/Finance/27  
January 4, 1955

MEMORANDUM

Subject: Comments from Public Administration Service on Finance  
Committee Proposal

At the request of the Committee on Finance and Taxation, finance specialists on the Public Administration Service staff in Chicago prepared comments on the Finance Committee proposal. These comments, supplemented as a result of Mr. Sady's discussions with these specialists, follow:

Section 8: The intended purpose of this section to prohibit the earmarking of certain revenues for special purposes is certainly laudable. It is doubtful, however, that a strict interpretation of this provision could be applied. Legal and contractual provisions will require the segregation of certain moneys, e.g., pension contributions, proceeds from bond issues, sinking fund receipts, revolving fund receipts, contributions from local government units for state-local cooperative programs, and tax receipts which the state might collect on behalf of local government units.

This section might be revised by the deletion of the words in brackets and by the addition of the underlined words, as follows:

"Section 8: All public revenues shall be deposited in the State treasury without allocation for special purposes. [ ] ; except where state participation in Federal programs will thereby be denied.] This provision shall not prohibit the continuance of any allocation existing upon the date of ratification of this Constitution by the people of Alaska, nor the earmarking of tax revenues and other receipts where necessary to enable the State to participate in Federal programs, to repay public debt, to maintain any individual or corporate or other

local government equity therein, or to maintain duly established revolving funds."

Section 10: It is believed that the intent of this section is to require payment of tax anticipation loans from revenues of the fiscal period in which the loan was made. As the section is worded, ("shall be paid within one year.") it could be interpreted as requiring payment within one year from the date of borrowing, which would make it conflict with Section 9.

Section 9 and Section 11. The prohibition against incurring debt except by referendum in Section 9 and the exceptions in Section 11 as pertains to revenue bonds of public corporations would appear to be an open invitation to create "authorities," in the Pennsylvania pattern, for the financing of public improvements. A very good argument can be made that permitting the legislature to create debt, perhaps requiring a 2/3 vote, within prescribed limits is preferable to the creation of debt through use of authorities. (See recent publication by the Pennsylvania State Chamber of Commerce on the "hidden" debt of that state.) An alternative might be to allow the legislature to create debt up to a certain percentage of the assessed value of property and then to require a referendum for contraction of debt in excess of that amount.

Section 12: To make the concept of an executive budget complete, something on the order of the following (based on the Delaware Financial Reorganization Act) might be added at the end of this section:

"The legislature may increase, decrease, or eliminate items in the general appropriation bill in any way that is not contrary to law, but

no further or special appropriation bills, except in case of an emergency, which fact shall be clearly stated in the appropriation bill therefor, shall be considered until the general appropriation bill shall have been finally acted upon by the legislature. The total appropriation items may not be increased in the aggregate, nor may supplementary appropriation bills be passed, to the point that they would exceed the state revenues from all sources as estimated in the budget."

Section 13: Consideration should be given to deleting this section. Although provisions ~~generally similar to~~ this may be found in other constitutions, strict compliance is pretty much a practical impossibility. States, where such provisions exist, either achieve token observation by ingenious wording of expenditure authorizations or ignore the restrictions in certain cases. Many types of disbursements from a state treasury are not properly subject to specific appropriation, e.g., refunds of current receipts, purchase of investments, pension payments, payments from working capital funds subject to reimbursement from appropriations, and release of trust or agency moneys.

The last sentence of the section refers to "appropriated funds unexpended." There is some question whether this would be interpreted as prohibiting the carrying forward of unexpended but encumbered appropriations, and, if so, if such is the intent of the section.

Also in this sentence, the reference "returned to the state treasury" is technically incorrect since the "unexpended appropriated funds" will have ordinarily never left the treasury. There will be many types of appropriations which should not lapse at the end of the

fiscal period, e.g., for capital improvements, to provide working capital, and to pay certain fixed charges. A sentence such as follows, if any reference at all is required, would serve the intent in a more practical fashion:

"Except as specifically provided for in appropriation bills, all appropriated funds remaining unexpended or unencumbered at the end of the fiscal year shall lapse."

Constitutional Convention  
January 16, 1956  
By: Committee 11

AMENDMENTS TO PROPOSAL NO. 9

Proposed by the Committee on Finance & Taxation

1. Page 2, Section 5: Strike Section 5 and renumber subsequent Sections.
2. Page 2, Section 8, line 25: After the word "all", insert the word "public."
3. Page 3, Section 9, line 15: Strike the word "national" and insert in lieu thereof the word "natural."
4. Page 3, Section 10, line 21: Strike "within one year" and insert in lieu thereof "prior to the end of the next fiscal year."
5. Page 4, Section 13, line 24: Strike the last sentence and insert in lieu thereof, "All appropriations outstanding at the end of a period of time specified by law shall be void."