

SENATE BILL NO. 29

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY SENATOR WIELECHOWSKI

Introduced: 1/19/11

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the reporting and analysis of certain information relating to tax**
2 **credits, deductions, exclusions, exemptions, deferrals, and other tax expenditures; and**
3 **providing for an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 37.07.020(a) is amended to read:

6 (a) After considering the tax expenditure report prepared by the
7 Department of Revenue under AS 43.05.090, the [THE] governor shall prepare a
8 budget for the succeeding fiscal year that must cover all estimated receipts, including
9 all grants, loans, and money received from the federal government and all proposed
10 expenditures of the state government. The budget shall be organized so that the
11 proposed expenditures for each agency are presented separately. The budget must be
12 accompanied by the information required under AS 37.07.050 and by the following
13 separate bills: (1) an appropriation bill authorizing the operating and capital
14 expenditures of the state's integrated comprehensive mental health program under

1 AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures
2 other than those included in the state's integrated comprehensive mental health
3 program; (3) an appropriation bill authorizing capital expenditures other than those
4 included in the state's integrated comprehensive mental health program; and (4) a bill
5 or bills covering recommendations, if any, in the budget for new or additional revenue.
6 The budget for the succeeding fiscal year and each of the bills shall become public
7 information on December 15 at which time the governor shall submit copies to the
8 legislature and make copies available to the public. The bills, identical in content to
9 the copies released on December 15, shall be delivered to the rules committee of each
10 house before the fourth legislative day of the next regular session for introduction.

11 * **Sec. 2.** AS 37.07.020(b) is amended to read:

12 (b) In addition to the budget and bills submitted under (a) of this section, the
13 governor shall submit a capital improvements program covering the succeeding six
14 fiscal years. The governor shall also submit a fiscal plan with estimates of significant
15 sources and uses of funds for the succeeding 10 fiscal years. The fiscal plan

16 (1) must include sufficient details to identify

17 (A) significant sources of funds;

18 (B) significant uses of funds, including lump sum projections

19 of

20 (i) operating expenditures;

21 (ii) capital expenditures;

22 (iii) debt service expenditures;

23 (iv) fund capitalizations;

24 (v) appropriations of income of the Alaska permanent
25 fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

26 (2) must balance sources and uses of funds held while providing for
27 essential state services and protecting the economic stability of the state;

28 (3) must include projected balances of significant funds held in
29 separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of
30 the State of Alaska), the public education fund (AS 14.17.300), and the Alaska capital
31 income fund (AS 37.05.565);

(4) must set out significant assumptions used in the projections with sufficient detail to enable the legislature to rely on the fiscal plan in understanding, evaluating, and resolving issues of state budgeting, including information that supports major areas of operating increases, such as population demographics that affect the need for particular government services;

(5) must address any issues raised by the tax expenditure report prepared by the Department of Revenue under AS 43.05.090.

* Sec. 3. AS 43.05.090 is amended to read:

Sec. 43.05.090. Preparation and publication of reports and statistics. The department shall prepare and annually publish statistics of the revenues derived under the tax laws administered by it **and a report analyzing tax revenue losses due to tax expenditures.**

* **Sec. 4.** AS 43.05.090 is amended by adding new subsections to read:

(b) The report of tax expenditures must include

(1) the statutory authority for each type of tax expenditure and a summary of the legislative history of the statute;

(2) the annual sum of tax expenditures for the prior fiscal year, separately calculated for each type of expenditure, and the total number of taxpayers who benefitted from each type of expenditure;

(3) an estimate of tax expenditures for the current fiscal year, separately calculated for each type of expenditure;

(4) an estimate of the public and private costs of administering the tax expenditures;

(5) a determination of whether each statute authorizing a tax expenditure has achieved the purpose for which it was enacted;

(6) a determination of whether each statute authorizing a tax expenditure provides the most fiscally effective means of achieving the purpose for which it was enacted and whether it results in a fair and equitable distribution of the tax burden on taxpayers; and

(7) as to each statute authorizing a tax expenditure that is scheduled to be repealed in the next fiscal year, a recommendation in support of repeal or extension

1 of the authorizing statute.

2 (c) The department shall annually transmit an electronic copy of the tax
3 expenditure report to each member of the legislature and make the report available to
4 the public on the department's Internet website.

5 (d) In this section, "tax expenditure" means a tax deduction, tax credit,
6 exclusion, exemption, deferral, or other loss of state and local tax revenue due to either
7 an express provision of state tax law or resulting from the overall operation of state tax
8 law.

9 * **Sec. 5.** This Act takes effect July 1, 2013.