

32ND ALASKA STATE LEGISLATURE



REPRESENTATIVE ANDY JOSEPHSON

Sectional Analysis for House Bill 57

Section 1: Outlines legislative intent and findings. This section expounds on the principles outlined in the Alaska Supreme Court ruling *Hickel v Cowper* as to how the constitutional budget reserve (CBR) sweep provision should be interpreted and also summarizes the historic disagreement between different governmental branches and agencies about the interpretation of the sweep provision. In short, this section outlines the logic behind and legal need for this bill.

Section 2: Repeals and reenacts AS 37.10.420 (a). This section updates the statutory definitions on “the amount available for appropriation,” “funds available for appropriation,” and “amount appropriated for the previous fiscal year” to align with the principles outlined in *Hickel v Cowper*. Funds “available for appropriation” in these definitions are those that are immediately usable and over which the legislature has retained appropriation authority. Additionally, the actual amounts of appropriations of trust receipts (such as federal funds) and certain monies explicitly appropriated for fund administration are included in the calculation of “available for appropriation”. Monies not considered “available for appropriation” are: illiquid assets, funds already validly appropriated by the legislature or funds that do not require further appropriation prior to expenditure.

Section 3: Codifies a list of the funds already determined by Legislative Finance to not be subject to the CBR sweep.

Section 4: Creates a new section, AS 37.10.420(c), that defines “general fund” and outlines fund types explicitly not considered to be part of the general fund. The general fund, as defined in this section, is the state’s main operating fund and is composed of all money the state receives not legally required to be held separately. Funds excluded from the general fund include: funds held by the University or state corporations, enterprise funds, debt service funds, special revenue funds, the permanent fund, agency funds and certain internal service funds.

Section 5: Provides an effective date of Jun 30, 2021 to ensure that this legislation would be in effect prior to the FY 2021 CBR sweep occurring.