

HOUSE BILL NO. 125

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

Introduced: 2/8/07

Referred: House Special Committee on Ways and Means, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to budget planning and a long-range fiscal plan for the State of
2 Alaska."

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

4 * **Section 1.** AS 37.07.020(b) is amended to read:

5 (b) In addition to the budget and bills submitted under (a) of this section, the
6 governor shall submit a capital improvements program [AND FINANCIAL PLAN]
7 covering the succeeding six fiscal years, and a long-range fiscal plan covering
8 projected sources and uses of funds during the succeeding 10 fiscal years. The
9 long-range fiscal plan

10 (1) must include sufficient details to identify

11 (A) significant sources of funds;

12 (B) significant uses of funds, including projections of

13 (i) operating expenditures;

14 (ii) capital expenditures;

1 (iii) debt service expenditures;

2 (iv) fund capitalizations;

3 (v) appropriations of income of the Alaska
 4 permanent fund (art. IX, sec. 15, Constitution of the State of
 5 Alaska);

6 (2) must balance state expenditures and revenue while providing
 7 for essential state services and protecting the economic stability of the state;

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

12 (4) may provide recommendations to

13 (A) encourage economic growth and stability, maintain a
 14 high quality of life, develop the state's natural resources, educate the
 15 children of the state, and maintain public health, safety, and welfare;

16 (B) provide services as efficiently as practicable and reduce
 17 state expenditures where possible;

18 (C) establish policies that protect the principal of the
 19 Alaska permanent fund over time while using the income of the fund to

20 (i) offset the effect of inflation on the principal of the
 21 fund;

22 (ii) maintain a strong permanent fund dividend
 23 program;

24 (iii) retain the legislature's flexibility to determine
 25 the appropriate use of the remaining income of the fund;

26 (D) raise revenue for the operation of state government
 27 while maintaining a stable tax environment; and

28 (E) provide adequate reserve funds to mitigate the
 29 consequences of market price volatility on state revenue from resources.

30 * **Sec. 2.** AS 37.07.020(c) is amended to read:

31 (c) Proposed expenditures may not exceed estimated revenue for the

1 succeeding fiscal year. The expenditures proposed in the six-year capital
 2 improvements program and **the long-range fiscal** [FINANCIAL] plan may not exceed
 3 the estimated revenue and bond authorizations passed and proposed.

4 * **Sec. 3.** AS 37.07.040 is amended to read:

5 **Sec. 37.07.040. Office of management and budget.** The Alaska office of
 6 management and budget shall

7 (1) **prepare for submission to the governor an annually updated**
 8 **10-year long-range fiscal plan and** assist the governor in the preparation and
 9 explanation of the [PROPOSED COMPREHENSIVE PROGRAM AND
 10 FINANCIAL] plan, including the coordination and analysis of state agency goals and
 11 objectives, plans, and budget requests;

12 (2) prepare for submission to the governor an annually updated six-
 13 year capital improvements program and the proposed capital improvements budget for
 14 the coming fiscal year, the latter to include individual project justification with
 15 documentation of estimated project cost;

16 (3) develop procedures to produce the information needed for effective
 17 policy decision making, including procedures to provide for the dissemination of
 18 information about plans, programs, and budget requests to be included in the annual
 19 budget and opportunity for public review and comment during the period of budget
 20 preparation;

21 (4) assist state agencies in their statement of goals and objectives to
 22 achieve, among other things, the legislature's mission and desired results, preparation
 23 of plans, assessments of the extent to which missions and desired results have been
 24 achieved, budget requests, and reporting of program performance; all documents
 25 forwarded by the office to a state agency containing instructions for the preparation of
 26 program plans and budget requests and the reporting of program performance are
 27 public information after the date they are forwarded;

28 (5) administer its responsibilities under the program execution
 29 provisions of this chapter so that the policy decisions and budget determinations of the
 30 governor and the legislature are implemented;

31 (6) provide the legislative finance division with the budget information

1 it may request;

2 (7) provide the legislative finance division with an advance copy of the
3 governor's budget workbooks by the first Monday in January of each year, except that
4 following a gubernatorial election year the advance copy shall be provided by the
5 second Monday in January;

6 (8) prepare the proposed capital improvements budget for the coming
7 fiscal year evaluating both state and local requests from the standpoint of need, equity,
8 and priorities of the jurisdiction; other factors such as project amounts, population,
9 local financial match, federal funds being used for local match, municipality or
10 unincorporated community acceptance of the facility, and all associated costs of the
11 facility may be considered;

12 (9) for each department in the executive branch, report to the
13 legislature by the 45th day of each regular session the amount of money appropriated
14 to the department that is expected to lapse into the general fund at the end of the
15 current fiscal year;

16 (10) establish and administer a state agency program performance
17 management system involving planning, performance budgeting, performance
18 measurement, and program evaluation; the office shall ensure that information
19 generated under this system is useful for managing and improving the efficiency and
20 effectiveness of agency operations.

21 * **Sec. 4.** AS 37.07.060 is amended to read:

22 **Sec. 37.07.060. Governor's recommendation.** (a) The governor shall
23 formulate the operating and capital budget, capital improvements program,
24 [PROGRAMS] and long-range fiscal plan [FINANCIAL PLANS] required to be
25 recommended to the legislature by AS 37.07.020 after considering the state agency
26 proposed program and financial plans, and other programs and alternatives that the
27 governor considers appropriate. The plans must include the governor's recommended
28 missions and results, recommended strategies to implement the missions and results,
29 recommended measures for determining whether the missions and desired results are
30 achieved, including an assessment of whether prior year missions and desired results
31 have been achieved, recommended operating program for the succeeding fiscal year,

1 recommended capital improvements program for the succeeding six fiscal years,
2 recommended programs for the upgrading of public buildings and facilities prepared
3 in accordance with AS 35.10.015, and recommended revenue measures to support the
4 programs.

5 (b) The governor shall present the proposed comprehensive operating and
6 capital improvements programs and **long-range fiscal plan** [FINANCIAL PLANS] in
7 a message to a joint session of the legislature before the fourth legislative day
8 following the convening of the legislature in regular session. The message must be
9 accompanied by an explanatory report that summarizes recommended goals, plans,
10 and appropriations. The report must contain

11 (1) the coordinated program goals and objectives **that** [WHICH] the
12 governor recommends to guide the decisions on the proposed program plans and
13 budget appropriations;

14 (2) the governor's operating program and budget recommendations for
15 the succeeding fiscal year organized by agency as required by AS 37.07.020(a);

16 (3) the governor's capital improvements program and budget
17 recommendations for the succeeding fiscal year and capital improvements program for
18 the succeeding six fiscal years, which must include

19 (A) a description of each project, its estimated cost for the year
20 construction is to start and the estimated cost of the project adjusted for
21 inflation over the estimated period of construction, and the source of financing
22 for the project; the project description for a new building or a new facility or
23 for a major addition to a building or facility **scheduled for the first three**
24 **years of the plan** should include a site plan, preliminary drawings, and
25 architect's or engineer's total cost estimate for the project;

26 (B) a summary of projects previously authorized and not yet
27 completed;

28 (C) a summary, listed by agency, of all previously proposed
29 projects that have been deferred beyond the six years covered by the plan and
30 the year in which construction has been rescheduled to begin;

31 (D) a forecast of the debt structure of the state and the various

1 debt ratios over the life of the state's bonds outstanding, bonds authorized and
2 to be issued, and bond authorizations recommended in the plan;

3 (E) a description of additional revenue measures needed to
4 finance the plan in lieu of debt;

5 (F) bond election bills to authorize the bonds required to fund
6 the projects scheduled for the first three years of the plan;

7 (G) projections of population of the state and its regions and
8 communities;

9 (H) economic data and projections necessary for the evaluation
10 of the plan;

11 (4) a summary of state receipts in the last fiscal year, a revised estimate
12 for the current fiscal year, and an estimate for the succeeding fiscal year;

13 (5) a summary of expenditures during the last fiscal year, those
14 authorized for the current fiscal year, and an estimate for the succeeding fiscal year;

15 (6) any additional information that will facilitate understanding of the
16 governor's proposed programs and financial plans by the legislature and the public.

17 * **Sec. 5.** AS 37.14.003(a) is amended to read:

18 (a) The governor shall, at the time the governor submits the proposed
19 [COMPREHENSIVE OPERATING AND] capital improvements program and **long-**
20 **range fiscal** [FINANCIAL] plan under AS 37.07.060(b), submit to the legislature a
21 separate appropriation bill limited to appropriations for the state's integrated
22 comprehensive mental health program.