

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

February 28, 2007

3:39 p.m.

MEMBERS PRESENT

Representative Mike Hawker, Chair
Representative Anna Fairclough, Vice Chair
Representative Bob Roses
Representative Paul Seaton
Representative Peggy Wilson
Representative Sharon Cissna
Representative Max Gruenberg

MEMBERS ABSENT

All members present.

COMMITTEE CALENDAR

HOUSE BILL NO. 125

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

- MOVED CSHB 125(W&M) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 125

SHORT TITLE: LONG-RANGE FISCAL PLAN

SPONSOR(s): WAYS & MEANS

02/08/07	(H)	READ THE FIRST TIME - REFERRALS
02/08/07	(H)	W&M, FIN
02/14/07	(H)	W&M AT 3:30 PM HOUSE FINANCE 519
02/14/07	(H)	Heard & Held
02/14/07	(H)	MINUTE(W&M)
02/19/07	(H)	W&M AT 3:30 PM HOUSE FINANCE 519
02/19/07	(H)	Heard & Held
02/19/07	(H)	MINUTE(W&M)
02/21/07	(H)	W&M AT 3:30 PM HOUSE FINANCE 519
02/21/07	(H)	Heard & Held
02/21/07	(H)	MINUTE(W&M)
02/26/07	(H)	W&M AT 3:30 PM HOUSE FINANCE 519
02/26/07	(H)	-- MEETING CANCELED --
02/28/07	(H)	W&M AT 3:30 PM HOUSE FINANCE 519

WITNESS REGISTER

NORMAN COHEN, Staff
to Representative Gruenberg
Juneau, Alaska

POSITION STATEMENT: Explained portions of the Executive Budget Act as it may relate to HB 125.

ACTION NARRATIVE

CHAIR MIKE HAWKER called the House Special Committee on Ways and Means meeting to order at [3:39:46 PM](#). Present at the call to order were Representatives Hawker, Fairclough, Wilson, Cissna, Gruenberg, Seaton, and Roses.

HB 125-LONG-RANGE FISCAL PLAN

[3:41:06 PM](#)

CHAIR HAWKER announced that the only order of business would be HOUSE BILL NO. 125, "An Act relating to budget planning and a long-range fiscal plan for the State of Alaska." [Before the committee was proposed committee substitute (CS) for HB 125, Version 25-LS0546\C, Cook, 2/8/07, which had been adopted as the work draft on 2/14/07.]

[3:43:36 PM](#)

REPRESENTATIVE FAIRCLOUGH moved to adopt the proposed CS for HB 125, Version 25-LS0546\E, Cook, 2/22/07. There being no objection, Version E was before the committee.

[3:44:45 PM](#)

REPRESENTATIVE CISSNA moved to adopt Amendment 1, labeled 25-LS0546\E.3, Cook, 2/28/07, which read [original punctuation provided]:

Page 2, line 29, following "resources":

Insert ";

(5) may include a list of reports, plans, and other materials relied on in the preparation of the fiscal plan, together with a brief description of the relevance of the materials and how to obtain paper or electronic copies of the materials"

CHAIR HAWKER objected for discussion purposes.

3:45:35 PM

REPRESENTATIVE CISSNA explained that Amendment 1 is intended to help preserve and reference background information on fiscal plans for future legislatures.

CHAIR HAWKER said he appreciates the permissive structure of Amendment 1, reminding the committee that he believes the record of testimony for the bill indicated a desire not to overburden the preparation of a fiscal plan with unnecessary mandates.

CHAIR HAWKER withdrew his objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

3:49:17 PM

CHAIR HAWKER said he recalled that at a prior meeting committee members indicated a desire to amend the bill to include some type of permissive legislative response to the fiscal plan. He noted that Representative Gruenberg has provided him with a conceptual amendment, but offered that he has an amendment to suggest in lieu of Representative Gruenberg's proposed conceptual changes.

CHAIR HAWKER moved to adopt Amendment 2, which read [original punctuation provided]:

Page 6, line 16, following "*** Sec. 5.**"

Insert "AS 37.07.070 is amended to read:

Sec. 37.07.070. Legislative review. The legislature shall consider the governor's proposed comprehensive operating and capital improvements programs and fiscal plan [FINANCIAL PLANS], evaluate alternatives to the plans, make program selections among the various alternatives and determine, subject to available revenues, the level of funding required to support authorized state services.

(1) The operating and capital budgets of each agency shall be separately reviewed. During each regular session of the legislature, legislative review of the governor's supplemental appropriation bills and the governor's budget amendments shall be governed by the following time limits:

(a) [(1)] requests by the governor for supplemental appropriations for state agency operating and capital

budgets for the current fiscal year may be introduced by the rules committee only through the 30th legislative day;

(b) [(2)] requests by the governor for budget amendments to state agency budgets for the budget fiscal year may be received and reviewed by the finance committees only through the 45th legislative day.

(2) The presiding officers of each house may refer the fiscal plan to one or more committees. The first committee of referral shall hold at least one public hearing on the fiscal plan

CHAIR HAWKER objected for the purpose of discussion.

[3:51:51 PM](#)

REPRESENTATIVE GRUENBERG set forth a possible way to approach the proposed legislative response to the fiscal plan. He explained that he reviewed SB 25, which is also concerned with state budget planning, when considering possible approaches for the legislative response to the fiscal plan. He opined that although his suggested changes may look daunting, most of them are technical. He said it had been his thought that the governor would present a budget for the current year and a fiscal plan for the next nine years. The fiscal plan would be amended or changed each year as the conditions warrant, he said. He directed the committee's attention to his handout labeled "CSHB 125 An Act relating to budget planning and a fiscal plan for the State of Alaska," and explained that the legislative response detailed on page one would be directed to the major policy choices in the plan, and would result in a concurrent resolution of both houses.

[3:57:17 PM](#)

CHAIR HAWKER related his understanding from the committee's prior discussions that members wanted to avoid politicizing the plan. He expressed concern that requiring a concurrent resolution will polarize the issues in the plan and be too much of a mandate for something as complex as a long-range fiscal plan. Furthermore, the public has indicated, through the November 2006 ballot initiative which shortens the legislative session to 90 days, that it wants less government. He also noted that a concurrent resolution will be difficult to obtain, particularly if the fiscal plan puts forth policy recommendations.

REPRESENTATIVE ROSES expressed concern that a requirement for a concurrent resolution is not in accord with theory behind the

fiscal plan, which is to make the plan very general. A resolution will hamper that approach because legislators will want to make the resolution specific, and that would defeat the purpose of the plan, he opined.

REPRESENTATIVE SEATON stated he agrees with the aforementioned point. He expressed concern that a resolution would require legislators to effectively support policies without adequate knowledge of the details. He said he would not be comfortable signing on to something without sufficient information.

4:01:26 PM

CHAIR HAWKER explained, in response to a question, that the dates referenced in Amendment 2 leave intact the current statutory requirements for the submission of the governor's budget and appropriation requests. He said these statutory scheduling mandates will need to be addressed by the legislature in recognition of the change to a 90-day session, and therefore he does not recommend that this committee complicate that process by making any date changes in the bill.

CHAIR HAWKER removed his objection. There being no further objection, Amendment 2 was adopted.

4:02:50 PM

REPRESENTATIVE GRUENBERG put forth the possibility of making an amendment to AS 37.07.060(b) to allow a new governor until the 45th legislative day after the convening of a session to present a fiscal plan.

CHAIR HAWKER questioned whether the aforementioned change would affect the entire schedule for the governor's budget address to the legislature.

REPRESENTATIVE GRUENBERG opined that it would, and stated that he is not wedded to the suggested 45 days.

CHAIR HAWKER said that in his opinion this is a universal issue of timing related to the 90-day session initiative, which is being considered by the House and Senate Rules Standing Committees. Therefore, Chair Hawker said he does not think this committee should take it up.

[4:06:42 PM](#)

REPRESENTATIVE SEATON expressed his opinion that a new governor will be busy with budget and organizational issues, and should have an extra year to submit a plan.

REPRESENTATIVE ROSES agreed with Representative Seaton's point.

The committee took at ease from [4:08:27 PM](#) to [4:09:35 PM](#)

REPRESENTATIVE GRUENBERG stated he will not offer his suggestion as an amendment and he supports Representative Seaton's point that a new governor should have a year to submit a plan.

[4:10:19 PM](#)

REPRESENTATIVE SEATON asked whether the committee considered incorporating the fiscal plan with the "Revenue Sources Book" prepared by the Department of Revenue (DOR).

CHAIR HAWKER replied that he has concerns about referencing something like the "Revenue Sources Book," which may or may not have a statutory basis. However, he opined it may be possible to further explore this with the DOR.

REPRESENTATIVE SEATON suggested that one approach is to informally indicate that the legislature's intention is that the fiscal plan be incorporated with the revenue findings.

CHAIR HAWKER indicated that the aforementioned point may be appropriate for floor discussions. Furthermore, if there is an appropriate statutory reference, it could be included in future versions of the bill.

The committee took a brief at ease from [4:15:16 PM](#) to [4:16:48 PM](#)

[4:16:52 PM](#)

REPRESENTATIVE SEATON offered Conceptual Amendment 3 which read [original punctuation provided]:

page 5, line 5 through [line] 10, delete all material and insert:

"(b)The governor shall present the proposed comprehensive operating and capital improvements programs and **fiscal plan** [FINANCIAL PLANS] in a

message to a joint session of the legislature before the fourth legislative day following the convening of the legislature in regular session **except that in the first year of the first term of a governor, the fiscal plan need not be addressed.** The message must be accompanied by an explanatory report that summarizes recommended goals, plans, and appropriations. The report must contain"

[4:17:02 PM](#)

CHAIR HAWKER objected for the purpose of discussion.

REPRESENTATIVE GRUENBERG suggested that "first term" be clarified to mean "first term after elected," and reminded the committee that former governor Wally Hickel was elected for a second non-consecutive term as governor.

[4:19:28 PM](#)

CHAIR HAWKER moved to amend Conceptual Amendment 3 on line 6, inserting the term "newly elected" after "first term of a" There being no objection, the amendment to Conceptual Amendment 3 was adopted.

[4:20:51 PM](#)

[The committee treated Chair Hawker's former objection to Conceptual Amendment 3 as withdrawn.]

CHAIR HAWKER stated that there being no further objection, Conceptual Amendment 3, as amended, was adopted.

[4:21:54 PM](#)

CHAIR HAWKER offered Conceptual Amendment 4.

REPRESENTATIVE SEATON objected for the purpose of discussion.

CHAIR HAWKER explained that Conceptual Amendment 4 directs the legislative drafters to: "where appropriate, replace 'financial plan' with 'fiscal plan' wherever it appears in title 37.07."

[4:22:32 PM](#)

NORMAN COHEN, Staff to Representative Gruenberg, Alaska State Legislature, explained that under the Executive Budget Act there

are references to "financial plan" that should not be changed to "fiscal plan" to accommodate for statutory changes set forth in HB 125.

CHAIR HAWKER agreed with the aforementioned point and stated he trusts that the legislative drafting professionals will be able to determine where to make the appropriate changes.

REPRESENTATIVE SEATON removed his objection to Conceptual Amendment 4. There being no further objection, Conceptual Amendment 4 was adopted.

[4:25:56 PM](#)

REPRESENTATIVE GRUENBERG referred to Amendment 2 and asked whether there was committee support to require any further legislative response.

CHAIR HAWKER replied that his office had discussed the terms of Amendment 2 with the Legislative Legal and Research Services, which recommended the approach contained in Amendment 2.

REPRESENTATIVE SEATON opined that the approach in Amendment 2, which requires that the first committee of referral hold a hearing on the governor's fiscal plan, places more of a requirement on the legislature than a bill would be entitled to since there is no requirement that bills be heard.

[4:30:33 PM](#)

REPRESENTATIVE FAIRCLOUGH moved to report CSHB 125, Version 25-LS0546\E, Cook, 2/28/07, as amended, out of committee with individual recommendations and a pending fiscal note. There being no objection, CSHB 125(W&M), was reported from the House Special Committee on Ways and Means.

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at [4:31:56 PM](#).