

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

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 Bill Version: HB 127
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Identifier (file name): HB127-CED-ARR-03-11-09 Dept. Affected: DCCED
 Title Alaska Railroad Budget RDU _____
 Component Alaska Railroad Corporation
 Sponsor Representative Stoltze
 Requester House Transportation Committee Component Number _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services	264.6		264.6	264.6	264.6	264.6	264.6	264.6
Travel	10.0		10.0	10.0	10.0	10.0	10.0	10.0
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	274.6	0.0	274.6	274.6	274.6	274.6	274.6	274.6
CAPITAL EXPENDITURES	1,000.0							
CHANGE IN REVENUES ()								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (1204 Contingent)	1,274.6		274.6	274.6	274.6	274.6	274.6	274.6
TOTAL	1,274.6	0.0	274.6	274.6	274.6	274.6	274.6	274.6

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time	2		2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through its freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements. This bill proposes to make the ARRC subject to the Executive Budget Act.

Making ARRC subject to the Executive Budget Act would have significant financial impact to the corporation, not all of which can be easily quantified at this time.

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ANALYSIS CONTINUATION

Among the larger impacts are the following:

1. Possible loss of revenue - unquantifiable

Due to decreased operational flexibility caused by rigid budget guidelines it is very probable that ARRC would see a loss of revenue. This loss could be quite large if significant unbudgeted revenue opportunities arise, as they often do.

2. Increased costs for borrowed funds - unquantifiable

This amount is currently unknown and dependent upon level of future borrowing. There would be an impact to debt pricing ARRC would receive from lenders given that future debt payments would be subject to legislative appropriation. Interest costs to the corporation would increase.

3. Implement Accounting & Budget Systems - \$1,000.0

The current ARRC financial system is not designed to accommodate legislative appropriation control requirements for either operating or capital activities. Modification to the existing system would be explored, but is most likely not feasible. This would require development and implementation of a new financial system for the corporation. Use of the state's budgeting system would most likely suffice, but the accounting system in use by the state would not meet ARRC's needs for financial and management reporting.

4. ARRC personnel increased costs - \$264.6

To appropriately comply with the requirements of the Executive Budget Act, two additional staff will be required, one for financial and accounting assistance and one for legislative and budget coordination.

5. Increased travel increased costs - \$10.0

Travel costs associated with Legislative budget hearings and coordination with Department of Commerce, Community and Economic Development and the Office of Management and Budget would increase Anchorage to Juneau travel significantly for the CEO, CFO, and AVP Corporate Affairs.