

AMENDMENT #4 BY SEN. WIELECHOWSKI

OFFERED IN THE SENATE

TO: SCS CSHB 306(FIN)

1 Page 1, lines 2 - 3:

2 Delete "relating to the duties of state agencies;"

3

4 Page 1, line 4, through page 2, line 5:

5 Delete "relating to lapse dates for appropriations for capital projects; relating to
6 lapse dates for capital budget grants; relating to capital expenditures; relating to
7 unexpended balances of capital projects; repealing the capital projects funds; repealing
8 the insurance tax education credit, the income tax education credit, the veteran
9 employment tax credit, the oil or gas producer education credit, the property tax
10 education credit, the mining business education credit, the fisheries business education
11 credit, the fisheries business tax credit for scholarship contributions, the fisheries
12 business salmon product development tax credit, the fisheries business salmon
13 utilization tax credit, the fisheries business landing tax credit for scholarship
14 contributions, the fisheries resource landing tax credit for the fisheries resource
15 harvested under the community development quota, the fisheries resource landing tax
16 education credit, and the film production tax credit; providing for an effective date by
17 repealing the effective dates in sec. 7, ch. 57, SLA 2003, the effective date in sec. 57, ch.
18 92, SLA 2010, and the effective dates in secs. 40 - 42, ch. 51, SLA 2012;"

19 Insert "relating to the reporting and analysis of certain information relating to tax
20 credits, exclusions, exemptions, waivers, and other tax expenditures; relating to bills
21 creating tax expenditures;"

22

23 Page 2, line 8, through page 3, line 10:

1 Delete all material.

2

3 Page 3, line 11:

4 Delete "Sec. 3"

5 Insert "Section 1"

6

7 Renumber the following bill sections accordingly.

8

9 Page 3, line 31:

10 Delete "a new section"

11 Insert "new sections"

12

13 Page 3, following line 31:

14 Insert a new section to read:

15 "Sec. 24.20.232. Analysis of tax expenditures. If the sum of tax expenditures
16 of a specific type exceeds \$1,000,000 in fiscal year 2012 or a succeeding fiscal year,
17 the legislative finance division shall analyze the use of the tax expenditure on the
18 following schedule to determine whether the statute authorizing the tax expenditure
19 has achieved its purpose:

20 (1) tax expenditures existing on July 1, 2015, shall be analyzed once
21 between July 1, 2015, and June 30, 2020, and before a delayed repeal of a tax
22 expenditure;

23 (2) a tax expenditure created after July 1, 2015, shall be analyzed after
24 it has been in effect for seven years or, if the statute authorizing the expenditure has a
25 delayed repeal date, one year before the effective date of the delayed repeal of the tax
26 expenditure."

27

28 Page 5, line 2, through page 6, line 31:

29 Delete all material and insert:

30 "* Sec. 3. AS 37.07.020(a) is amended to read:

31 (a) After considering the revenue and tax expenditure report prepared by

1 **the Department of Revenue under AS 43.05.090, the** [THE] governor shall prepare
 2 a budget for the succeeding fiscal year that must cover all estimated receipts, including
 3 all grants, loans, and money received from the federal government and all proposed
 4 expenditures of the state government. The budget shall be organized so that the
 5 proposed expenditures for each agency are presented separately. The budget must be
 6 accompanied by the information required under AS 37.07.050 and by the following
 7 separate bills: (1) an appropriation bill authorizing the operating and capital
 8 expenditures of the state's integrated comprehensive mental health program under
 9 AS 37.14.003(a); (2) an appropriation bill authorizing state operating expenditures
 10 other than those included in the state's integrated comprehensive mental health
 11 program; (3) an appropriation bill authorizing capital expenditures other than those
 12 included in the state's integrated comprehensive mental health program; and (4) a bill
 13 or bills covering recommendations, if any, in the budget for new or additional revenue.
 14 The budget for the succeeding fiscal year and each of the bills shall become public
 15 information on December 15 at which time the governor shall submit copies to the
 16 legislature and make copies available to the public. The bills, identical in content to
 17 the copies released on December 15, shall be delivered to the rules committee of each
 18 house before the fourth legislative day of the next regular session for introduction.

19 * **Sec. 4.** AS 37.07.020(b) is amended to read:

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

24 (1) must include sufficient details to identify

25 (A) significant sources of funds;

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

27 of

28 (i) operating expenditures;

29 (ii) capital expenditures;

30 (iii) debt service expenditures;

31 (iv) fund capitalizations;

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

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

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

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

14 **(5) must consider issues raised by the revenue and tax expenditure**
15 **report prepared by the Department of Revenue under AS 43.05.090.**

16 * Sec. 5. AS 43.05.090 is amended to read:

17 **Sec. 43.05.090. Preparation and publication of reports and statistics.** The
18 department shall prepare and annually publish statistics of the revenues derived under
19 the tax laws administered by it, **including an analysis of tax revenue losses due to**
20 **tax expenditures.**

21 * Sec. 6. AS 43.05.090 is amended by adding new subsections to read:

22 (b) The revenue and tax expenditure report must include

23 (1) the statutory authority for each type of tax expenditure;

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

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

29 (4) an estimate of the public costs of administering the tax
30 expenditures.

31 (c) The department shall annually transmit an electronic copy of the revenue

1 and tax expenditure report to each member of the legislature and make the report
2 available to the public on the department's Internet website.

3 (d) The department shall notify the legislative finance division when the sum
4 of tax expenditures of a specific type has exceeded \$1,000,000 in fiscal year 2012 or a
5 succeeding fiscal year and provide the legislative finance division with the
6 nonconfidential or, subject to the division's execution of a confidentiality agreement,
7 confidential information necessary to complete the analysis under AS 24.20.232.

8 (e) In this section, "tax expenditure" means a tax credit, exclusion, exemption,
9 waiver, or other loss of state tax revenue due to an express provision of state tax law;
10 "tax expenditure" does not include federal tax expenditures under federal law adopted
11 by reference in AS 43.20.021 or tax deductions incurred in the ordinary course of
12 trade or business."
13

14 Renumber the following bill sections accordingly.

15
16 Page 8, line 6, through page 10, line 27:

17 Delete all material.
18

19 Renumber the following bill section accordingly.
20

21 Page 10, line 28:

22 Delete "Except as provided in secs. 30 - 34 of this Act, this"

23 Insert "This"