

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 84
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES REINBOLD, Tilton, Keller, Hughes, Talerico

Introduced: 3/9/15
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Legislative Budget and Audit Committee; requiring state**
2 **agencies, municipalities, and regional educational attendance areas to report on federal**
3 **receipts; and relating to the increase of an appropriation item based on additional**
4 **federal or program receipts."**

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 SHORT TITLE. This Act may be known as the Federal Receipts Fiscal Accountability
9 Act.

10 * **Sec. 2.** AS 24.20.206 is amended to read:

11 **Sec. 24.20.206. Duties.** The Legislative Budget and Audit Committee shall

12 (1) annually review the long-range operating plans of all agencies of
13 the state that perform lending or investment functions;

14 (2) review periodic reports from all agencies of the state that perform

1 lending or investment functions;

2 (3) prepare a complete report of investment programs, plans,
3 performance, and policies of all agencies of the state that perform lending or
4 investment functions and notify the legislature on or before the first day of each
5 regular session that the report is available;

6 (4) in conjunction with the finance committee of each house,
7 recommend annually to the legislature the investment policy for the general fund
8 surplus and for the income from the permanent fund;

9 (5) provide for an annual post audit and annual operational and
10 performance evaluation of the Alaska Permanent Fund Corporation investments and
11 investment programs;

12 (6) provide for an annual operational and performance evaluation of
13 the Alaska Housing Finance Corporation and the Alaska Industrial Development and
14 Export Authority; the performance evaluation must include, but is not limited to, a
15 comparison of the effect on various sectors of the economy by public and private
16 lending, the effect on resident and nonresident employment, the effect on real wages,
17 and the effect on state and local operating and capital budgets of the programs of the
18 Alaska Housing Finance Corporation and the Alaska Industrial Development and
19 Export Authority;

20 (7) provide assistance to the trustees of the trust established in
21 AS 37.14.400 - 37.14.450 in carrying out their duties under AS 37.14.415;

22 **(8) review the annual report submitted by the office of**
23 **management and budget under AS 37.05.215(e) for the preceding fiscal year at**
24 **the next regular meeting of the committee and recommend to the legislature**
25 **whether to make, reduce, or repeal any appropriations based on the report.**

26 * **Sec. 3.** AS 37.05 is amended by adding a new section to article 2 to read:

27 **Sec. 37.05.215. Federal receipts reporting requirements.** (a) On or before
28 October 31 each year, each municipality and state agency, other than a principal
29 department, shall prepare and submit a report to the office of management and budget
30 on a form prescribed by the office of management and budget that

31 (1) states the total amount of federal receipts the municipality or state

1 agency received for the previous state fiscal year that were not appropriated by the
2 legislature;

3 (2) identifies all conditions or requirements a municipality or state
4 agency must meet to receive the federal receipts not appropriated by the legislature;

5 (3) states whether the federal receipts the municipality or state agency
6 received for the previous fiscal year that were not appropriated by the legislature
7 require a match, supplement, or replacement upon acceptance of the receipts or when
8 the receipts diminish;

9 (4) states the percentage of the total budget that the federal receipts not
10 appropriated by the legislature represent for the municipality or state agency for the
11 previous state fiscal year; and

12 (5) if the federal receipts not appropriated by the legislature represent
13 five percent or more of the total budget of a municipality or state agency, describes a
14 plan created for operating the municipality or state agency if there is a reduction of

15 (A) between five and 25 percent in the amount of federal
16 receipts received by the municipality or state agency; and

17 (B) more than 25 percent in the amount of federal receipts
18 received by the municipality or state agency.

19 (b) On or before October 31 each year, a principal department of the state
20 shall prepare and submit a report to the office of management and budget on a form
21 prescribed by the office of management and budget that describes a plan created for
22 operating the department if there is a reduction of

23 (1) between five and 25 percent in the amount of federal receipts
24 received by the department; and

25 (2) more than 25 percent in the amount of federal receipts received by
26 the department.

27 (c) In addition to the report required under (a) of this section, a municipality
28 that is a school district shall prepare a separate report for the school district that
29 contains the information required under (a) of this section.

30 (d) If a municipality applies for federal receipts on behalf of another public
31 entity, the municipality shall be responsible for preparing the report required under (a)

1 of this section. A municipality that has a population of fewer than 200 people may
 2 seek assistance from the division in the Department of Commerce, Community, and
 3 Economic Development that handles community and regional affairs in preparing the
 4 report required under (a) of this section.

5 (e) By November 30 of each year, the office of management and budget shall
 6 prepare and submit a report to the Legislative Budget and Audit Committee and the
 7 finance committee of each house of the legislature that

8 (1) compiles and summarizes the information submitted under (a) of
 9 this section; and

10 (2) identifies municipalities and state agencies that did not submit the
 11 information required in (a) of this section.

12 (f) In this section,

13 (1) "federal receipts" means financial assistance that a state agency or
 14 municipality receives in the form of grants, loans, loan guarantees, property,
 15 cooperative agreements, interest subsidies, insurance, food commodities, direct
 16 appropriations, incentives, or other assistance from the federal government that is
 17 reported as part of a single audit;

18 (2) "public entity" has the meaning given in AS 37.23.900;

19 (3) "state agency" means, notwithstanding the definition in
 20 AS 37.05.990, a department, institution, board, commission, division, authority, public
 21 corporation, regional educational attendance area, or other administrative unit of the
 22 executive branch of state government; "state agency" does not include an office or
 23 entity in the judicial or legislative branch of state government or the University of
 24 Alaska.

25 * **Sec. 4.** AS 37.07.080(h) is amended to read:

26 (h) The increase of an appropriation item based on additional federal or other
 27 program receipts not specifically appropriated by the full legislature may be expended
 28 in accordance with the following procedures:

29 (1) the governor shall submit a revised program to the Legislative
 30 Budget and Audit Committee for review;

31 (2) 45 days shall elapse before commencement of expenditures under

1 the revised program unless the Legislative Budget and Audit Committee earlier
2 recommends that the state take part in the federally or otherwise funded activity;

3 (3) should the Legislative Budget and Audit Committee recommend
4 within the 45-day period that the state not initiate the additional activity, the governor
5 shall again review the revised program and **submit a newly revised program to the**
6 **Legislative Budget and Audit Committee;**

7 (4) if the governor **submits a newly revised program under (3) of**
8 **this subsection, the Legislative Budget and Audit Committee must recommend**
9 **that the state initiate additional activity under the newly revised program**
10 [DETERMINES TO AUTHORIZE THE EXPENDITURE, THE GOVERNOR
11 SHALL PROVIDE THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE
12 WITH A STATEMENT OF THE GOVERNOR'S REASONS] before commencement
13 of expenditures [UNDER THE REVISED PROGRAM].