

HOUSE BILL NO. 348

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE REINBOLD

Introduced: 2/14/18

Referred: Education, Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Legislative Budget and Audit Committee; requiring state**
2 **departments, agencies, municipalities, school districts, Native corporations, the**
3 **University of Alaska, and other entities that receive state funds to report on federal**
4 **receipts; and relating to the increase of an appropriation item based on additional**
5 **federal or program receipts."**

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

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

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

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

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

13 (1) annually review the long-range operating plans of all agencies of

1 the state that perform lending or investment functions;

2 (2) review periodic reports from all agencies of the state that perform
3 lending or investment functions;

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

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

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

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

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

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

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

29 **Sec. 37.05.215. Federal receipts reporting requirements.** (a) Except as
30 provided in (b) of this section relating to a principal department, on or before
31 October 31 each year, each municipality, state agency, school district, corporation

1 organized under 43 U.S.C. 1601 et seq. as amended (Alaska Native Claims Settlement
 2 Act), and any other entity that receives state funds shall prepare and submit a report to
 3 the office of management and budget on a form prescribed by the office of
 4 management and budget that

5 (1) states the total amount of federal receipts received for the previous
 6 state fiscal year that were not appropriated by the legislature;

7 (2) identifies all conditions or requirements that must be met to receive
 8 the federal receipts not appropriated by the legislature;

9 (3) states whether the federal receipts received for the previous state
 10 fiscal year that were not appropriated by the legislature require a match, supplement,
 11 or replacement upon acceptance of the receipts or when the receipts diminish;

12 (4) states the percentage of the entity's total budget that the federal
 13 receipts not appropriated by the legislature represented for the previous state fiscal
 14 year; and

15 (5) if the federal receipts not appropriated by the legislature
 16 represented five percent or more of the total budget of the entity for the previous state
 17 fiscal year, describes an operating plan if there is a reduction of

18 (A) between five and 25 percent in the amount of federal
 19 receipts received; and

20 (B) more than 25 percent in the amount of federal receipts
 21 received.

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

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

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

30 (c) For a municipality that is a school district, separate reports for the
 31 municipality and school district shall be prepared and submitted under (a) of this

1 section.

2 (d) If a municipality applies for federal receipts on behalf of another public
3 entity, the municipality shall be responsible for preparing the report required under (a)
4 of this section. A municipality that has a population of fewer than 200 people may
5 seek assistance from the division in the Department of Commerce, Community, and
6 Economic Development that handles community and regional affairs in preparing the
7 report required under (a) of this section.

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

11 (1) compiles and summarizes the information submitted under (a) of
12 this section; and

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

15 (f) In this section,

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

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

22 (3) "school district" has the meaning given in AS 14.30.350;

23 (4) "state agency" means, notwithstanding the definition in
24 AS 37.05.990, a department, institution, board, commission, division, authority, public
25 corporation, the University of Alaska, or other administrative unit of the executive
26 branch of state government; "state agency" does not include an office or entity in the
27 judicial or legislative branch of state government.

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

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

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

3 (2) 45 days shall elapse before commencement of expenditures under
4 the revised program unless the Legislative Budget and Audit Committee earlier
5 recommends that the state take part in the federally or otherwise funded activity;

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

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