

Original sponsors: Malone and Gardiner

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1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 222

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public scrutiny of the budget
7 formulation process, to the state budget, and to state
8 bonding."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 37.07.010 is amended by adding a new paragraph to read:

11 (6) public participation in the development of the annual
12 budget, including opportunity for the public to review and comment upon
13 the plans and programs of the Office of the Governor and all state
14 agencies in the executive branch, the legislature, the judicial system,
15 the University of Alaska and the public corporations of the state.

16 * Sec. 2. AS 37.07.020 is repealed and re-enacted to read:

17 Sec. 37.07.020. RESPONSIBILITIES OF THE GOVERNOR. (a) The gover-
18 nor shall prepare and submit to the legislature before the fourth legis-
19 lative day a budget for the succeeding fiscal year which shall cover all
20 estimated receipts, including all grants, loans, and money received from
21 the federal government, and all proposed expenditures of the state
22 government. The budget shall be accompanied by a general appropriation
23 bill to authorize the proposed expenditures, and a bill or bills cover-
24 ing recommendations in the budget for new or additional revenues.

25 (b) In addition to the budget and general appropriation bill, the
26 governor shall submit a capital improvements program and financial plan
27 covering the succeeding six fiscal years.

28 (c) Proposed expenditures may not exceed estimated revenues for
29 the succeeding fiscal year. The expenditures proposed in the six-year

1 capital improvements program and financial plan shall not exceed the
2 estimated revenues and bond authorizations passed and proposed.

3 * Sec. 3. AS 37.07.030 is amended to read:

4 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-
5 lature shall

6 (1) provide for a budget review function;

7 (2) analyze the comprehensive operating and capital improve-
8 ments programs [PROGRAM] and financial plans [PLAN] recommended by the
9 governor;

10 (3) adopt legislation to authorize implementation of the
11 governor's comprehensive operating and capital improvements programs
12 [PROGRAM] and financial plans [PLAN] or appropriate alternatives to
13 those plans [THAT PLAN];

14 (4) provide for a post-audit function, to cover financial
15 transactions, program accomplishment and compliance with legislative
16 intent;

17 (5) adopt or revise the estimate or receipts required to
18 balance the succeeding fiscal year's budget in order that proposed
19 expenditures do not exceed estimated receipts for that fiscal year;

20 (6) adopt, revise, or initiate revenue measures in order to
21 balance the succeeding fiscal year's budget and the capital improvements
22 section of the budget for the succeeding six years.

23 * Sec. 4. AS 37.07.040(3),(4) and (7) are amended to read:

24 (3) develop procedures to produce the information needed for
25 effective policy decision making, including procedures to provide for
26 the dissemination of information about plans, programs and program
27 budget requests to be included in the annual budget and opportunity for
28 public review and comment during the period of budget preparation;

29 (4) assist state agencies in their statement of goals and

1 objectives, preparation of program plans, program budget requests and
2 reporting of program performance; all documents forwarded by the divi-
3 sion to a state agency containing instructions for the preparation of
4 program plans and program budget requests and the reporting of program
5 performance are public information after the date they are forwarded;

6 (7) provide the legislative finance division with an advance
7 copy of the governor's budget workbooks by the first Monday in January
8 of each year, except that following a gubernatorial election year the
9 advance copy shall be provided by the second Monday in January [; THE
10 ADVANCE COPY SHALL BE PROVIDED ON A CONFIDENTIAL BASIS AND SHALL BE USED
11 ONLY TO PREPARE BUDGET ANALYSIS DOCUMENTS WHICH WILL BE PUBLISHED AND
12 DISTRIBUTED FOLLOWING THE DELIVERY OF THE GOVERNOR'S BUDGET MESSAGE TO
13 THE LEGISLATURE].

14 * Sec. 5. AS 37.07.050 is amended by adding a new subsection to read:

15 (g) All goals and objectives plans, programs, estimates, budgets
16 and other documents forwarded to the division of budget and management
17 by a state agency under this section are public information after the
18 date they are forwarded.

19 * Sec. 6. AS 37.07.060 is repealed and re-enacted to read:

20 Sec. 37.07.060. GOVERNOR'S RECOMMENDATION. (a) The governor
21 shall formulate the operating and capital improvements programs and
22 financial plans required to be recommended to the legislature by sec. 20
23 of this chapter after considering the state agency proposed program and
24 financial plans, and other programs and alternatives that he considers
25 appropriate. The plans shall include his recommended goals and poli-
26 cies, recommended plans to implement the goals and policies, recommended
27 operating program for the succeeding fiscal year, recommended capital
28 improvements program for the succeeding six fiscal years, and recom-
29 mended revenue measures to support the programs.

1 (b) The governor shall present the proposed comprehensive opera-
2 ting and capital improvements programs and financial plans in a message
3 to a joint session of the legislature before the fourth legislative day
4 following the convening of the legislature in regular session. The
5 message shall be accompanied by an explanatory report which summarizes
6 recommended goals, plans, and appropriations. The report shall contain

7 (1) the coordinated program goals and objectives which the
8 governor recommends to guide the decisions on the proposed program plans
9 and budget appropriations;

10 (2) his operating program and budget recommendations for the
11 succeeding fiscal year;

12 (3) his capital improvements program and budget recommenda-
13 tions for the succeeding fiscal year and capital improvements program
14 for the succeeding six fiscal years which shall include

15 (A) a description of each project, its estimated cost
16 for the year construction is to start, and the source of financing;

17 (B) a summary of projects previously authorized and not
18 yet completed;

19 (C) a summary, listed by agency, of all previously pro-
20 posed projects which have been deferred beyond the six years
21 covered by the plan and the year in which construction has been re-
22 scheduled to begin;

23 (D) a forecast of the debt structure of the state and
24 the various debt ratios over the life of the state's bonds out-
25 standing, bonds authorized and to be issued, and bond authoriza-
26 tions recommended in the plan;

27 (E) a description of additional revenue measures needed
28 to finance the plan in lieu of debt;

29 (F) bond election bills to authorize the bonds required

1 to fund the projects scheduled for the first three years of the
2 plan;

3 (G) projections of population of the state and its
4 regions and communities;

5 (H) economic data and projections necessary for the
6 evaluation of the plan;

7 (4) a summary of state receipts in the last fiscal year, a
8 revised estimate for the current fiscal year, and an estimate for the
9 succeeding fiscal year;

10 (5) a summary of expenditures during the last fiscal year,
11 those authorized for the current fiscal year, and an estimate for the
12 succeeding fiscal year;

13 (6) any additional information which will facilitate under-
14 standing of the governor's proposed programs and financial plans by the
15 legislature and the public.

16 * Sec. 7. AS 37.07 is amended by adding a new section to read:

17 Sec. 37.07.062. CAPITAL BUDGET. (a) The general appropriation
18 bill required to be submitted to the legislature in sec. 20(a) of this
19 chapter shall contain a separate section for capital outlays which is
20 divided into subsections for each of the capital projects funds (AS
21 44.42.080) which lists, for each project, the (1) project identification
22 number; (2) project title; (3) source of funding; (4) amount expended on
23 the project during the preceding fiscal year, the amount authorized for
24 the current fiscal year, and the amount proposed to be expended during
25 the succeeding fiscal year; (5) estimated start for construction; (6)
26 schedule of bond elections pertaining to the appropriation, including
27 elections previously held. The total appropriation to each capital
28 projects fund shall be reflected in the balance sheet of each fund as of
29 June 30 of each fiscal year.

1 (b) Upon the effective date of the general appropriation bill, the
2 amounts appropriated by the bill for capital outlay shall be paid into
3 the appropriate capital project funds established under AS 44.42.080.

4 (c) The balance sheet of each capital projects fund (AS 44.42.080)
5 shall, at the end of each fiscal year, contain the following items so as
6 to reflect the status of each fund and that the appropriations to each
7 fund are not based upon a fiscal year:

8 (1) cash with treasury--shows a normal debit balance;

9 (2) bonds authorized and unissued--shows a normal debit
10 balance; these are assets of each fund and shall be sold in accordance
11 with the election date of each authorization; the proceeds are expended
12 on a first-in, first-out basis;

13 (3) bonds to be authorized--shows a normal debit balance;
14 these shall be reflected in general obligation bond or revenue bond Act
15 proposals accompanying each year's capital improvements program revi-
16 sion; the general obligation bond Act proposals are to provide funding
17 for the three fiscal years following the general election date;

18 (4) general fund; reserve for capital outlay--shows a normal
19 debit balance; this is the amount required by AS 37.05.157 to be in-
20 cluded in the general appropriation bill as the reserve for capital
21 outlay to cover the succeeding six-year planning period;

22 (5) general fund; other--shows a normal debit balance; addi-
23 tional appropriations from the general fund above those required by law
24 for capital outlay;

25 (6) other funds--shows a normal debit balance; appropriations
26 from other state funds for capital outlay;

27 (7) federal aid--shows a normal debit balance; includes funds
28 expected to be received from federal sources for capital projects;

29 (8) expenditures, prior fiscal year--shows a normal credit

1 balance;

2 (9) encumbrances--shows a normal debit balance;

3 (10) reserve for encumbrances--shows a normal credit balance;

4 (11) fund balance--shows a normal zero balance.

5 (d) The appropriations to the capital projects funds may be ex-
6 pended upon authorization of the bonds intended to fund a project and
7 before the sale of those bonds or receipt of revenues from other
8 sources. Any deficit created in the general fund shall be considered,
9 for accounting purposes, as an advance from the general fund in lieu of
10 revenue or bond anticipation borrowing.

11 (e) The annual financial report of the state shall contain the
12 following statements for each capital projects fund:

13 (1) balance sheet;

14 (2) analysis of changes in bonds authorized and unissued;

15 (3) analysis of changes in bonds to be authorized;

16 (4) analysis of changes in funds to be provided by others;

17 (5) statement of expenditures and encumbrances compared to
18 appropriations.

19 * Sec. 8. AS 37.07.070 is amended to read:

20 Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall consi-
21 der the governor's proposed comprehensive operating and capital improve-
22 ments programs [PROGRAM] and financial plans [PLAN], evaluate alterna-
23 tives to the plans [PLAN], make program selections among the various
24 alternatives and determine, subject to available revenues, the level of
25 funding required to support authorized state services. During each
26 regular session of the legislature, legislative review of the plans
27 [PLAN] shall be accomplished according to the following schedule:

28 (1) By the 45th legislative day, the legislature shall have
29 established by concurrent resolution the total amount of state general

1 funds that shall be available for appropriation for the budget year and
2 the tentative allocation of the funds among program categories in both
3 the operating and capital budgets. The resolution shall be introduced
4 by the finance committee of the house in which the general appropria-
5 tions bill was introduced.

6 (2) By the 90th legislative day, the house in which the
7 general appropriations bill was introduced by the governor shall have
8 calendared for second reading a version of the general appropriations
9 bill. The bill shall be supported with documentation to explain the
10 proposed appropriations and related statements of intent. In addition,
11 a list of other appropriations or measures with fiscal implications
12 pending before the legislature shall be included with the documentation
13 for the calendared bill.

14 * Sec. 9. AS 37.05 is amended by adding a new section to read:

15 Sec. 37.05.157. GENERAL FUND; "RESERVE FOR CAPITAL OUTLAY" AC-
16 COUNT. (a) There is created within the general fund the "reserve for
17 capital outlay" account.

18 (b) Thirty per cent of the annual receipts paid the state from
19 mineral lease bonuses and rentals for state land and royalties derived
20 from minerals produced on state land shall be allocated to the reserve
21 for capital outlay account.

22 (c) The proceeds of the reserve for capital outlay account are
23 subject to annual appropriation by the general appropriation Act.

24 * Sec. 10. AS 37.15 is amended by adding a new section to read:

25 Sec. 37.15.215. OFFICIAL STATEMENTS. To the extent practicable
26 the official statements and other documentation issued in connection
27 with an offering of state or local government securities shall comply
28 with the guidelines of the Municipal Finance Officers Association or
29 other nationally recognized guidelines.

1 * Sec. 11. AS 44.42.020(a) is amended by adding new paragraphs to read:

2 (13) maintain a current inventory of all state facilities,
3 including a projection of the serviceability of the facilities and pro-
4 jections of replacements and additions to facilities needed to provide
5 the level of services programmed by the various user agencies;

6 (14) perform the duties required in (13) of this subsection
7 for municipalities with populations of less than 12,000 and perform
8 those duties on a cooperative basis with larger municipalities;

9 (15) recommend to the governor

10 (A) projects in the following categories:

11 (i) sewage transmission and treatment systems in
12 communities without a central system;

13 (ii) water transmission and treatment systems in
14 communities without a central system;

15 (iii) electrical generation and distribution systems;

16 (iv) health care facilities in communities without
17 such facilities, unless those facilities can be provided in
18 conjunction with school facilities;

19 (v) school facilities which will provide adequate
20 recreational, physical fitness, public library, health care,
21 and other related activities;

22 (vi) transportation facilities which will provide
23 all-weather access for supplies and transportation to employ-
24 ment centers on a reliable and consistent basis;

25 (vii) community development projects which will pro-
26 vide local employment opportunities;

27 (viii) public safety and justice facilities;

28 (B) priorities for the projects recommended in (A) of
29 this paragraph based upon the following criteria:

1 (i) date of incorporation of the municipality bene-
2 fited by the project;

3 (ii) absence of basic facilities in the community;

4 (iii) projected needs of community to meet antici-
5 pated growth.

6 * Sec. 12. AS 44.42 is amended by adding new sections to read:

7 Sec. 44.42.080. CAPITAL PROJECTS FUNDS. There is created within
8 the department the following capital projects funds:

- 9 (1) educational, cultural, and related facilities;
10 (2) transportation and related facilities;
11 (3) public institutions and related facilities;
12 (4) public safety, justice, and related facilities;
13 (5) health, and related facilities;
14 (6) natural resource development facilities;
15 (7) new capital site and related facilities;
16 (8) general purpose facilities.