

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 222 (Rules)

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 state planning, the budget formula-  
7 tion process, and state bonding."

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

9 \* Section 1. AS 35.10.170(3) is amended to read:

10 (3) make projections of future public facility needs of the  
11 state, analyze facilities needed, and establish methodology for program  
12 planning and facilities project planning, design and construction, based  
13 upon

14 (A) a justification of the level of service anticipated  
15 by the program agency, utilizing population projections and esti-  
16 mates approved by the governor;

17 (B) consideration of the geographical area to be served  
18 by the facility and relevant data concerning the agency's existing  
19 public facilities in that area;

20 (C) the date by which the services are to be provided;

21 (D) alternative program methods for providing the ser-  
22 vices; and

23 (E) pertinent data requested by the department in  
24 accordance with procedures developed under sec. 180 of this chap-  
25 ter;

26 \* Sec. 2. AS 37.07.010 is amended by adding a new paragraph to read:

27 (6) public participation in the development of the annual  
28 budget, including opportunity for the public to review and comment upon  
29 the plans and programs of the Office of the Governor and all state

1 agencies in the executive branch, the legislature, the judicial system,  
2 the University of Alaska and the public corporations of the state.

3 \* Sec. 3. AS 37.07.020 is repealed and re-enacted to read:

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

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

15 (c) Proposed expenditures may not exceed estimated revenues for  
16 the succeeding fiscal year. The expenditures proposed in the six-year  
17 capital improvements program and financial plan shall not exceed the  
18 estimated revenues and bond authorizations passed and proposed.

19 \* Sec. 4. AS 37.07.030 is amended to read:

20 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-  
21 lature shall

22 (1) provide for a budget review function;

23 (2) analyze the comprehensive operating and capital improve-  
24 ments programs [PROGRAM] and financial plans [PLAN] recommended by the  
25 governor;

26 (3) adopt legislation to authorize implementation of the  
27 governor's comprehensive operating and capital improvements programs  
28 [PROGRAM] and financial plans [PLAN] or appropriate alternatives to  
29 those plans [THAT PLAN];

1 (4) provide for a post-audit function, to cover financial  
2 transactions, program accomplishment and compliance with legislative  
3 intent;

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

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

10 \* Sec. 5. AS 37.07.040(3), (4) and (7) are amended to read:

11 (3) develop procedures to produce the information needed for  
12 effective policy decision making, including procedures to provide for  
13 the dissemination of information about plans, programs and program  
14 budget requests to be included in the annual budget and opportunity for  
15 public review and comment during the period of budget preparation;

16 (4) assist state agencies in their statement of goals and  
17 objectives, preparation of program plans, program budget requests and  
18 reporting of program performance; all documents forwarded by the divi-  
19 sion to a state agency containing instructions for the preparation of  
20 program plans and program budget requests and the reporting of program  
21 performance are public information after the date they are forwarded;

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

1 \* Sec. 6. AS 37.07.050 is amended by adding a new subsection to read:

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

6 \* Sec. 7. AS 37.07.060 is repealed and re-enacted to read:

7 Sec. 37.07.060. GOVERNOR'S RECOMMENDATION. (a) The governor  
8 shall formulate the operating and capital improvements programs and  
9 financial plans required to be recommended to the legislature by sec. 20  
10 of this chapter after considering the state agency proposed program and  
11 financial plans, and other programs and alternatives that he considers  
12 appropriate. The plans shall include his recommended goals and poli-  
13 cies, recommended plans to implement the goals and policies, recommended  
14 operating program for the succeeding fiscal year, recommended capital  
15 improvements program for the succeeding six fiscal years, and recom-  
16 mended revenue measures to support the programs.

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

23 (1) the coordinated program goals and objectives which the  
24 governor recommends to guide the decisions on the proposed program plans  
25 and budget appropriations;

26 (2) his operating program and budget recommendations for the  
27 succeeding fiscal year;

28 (3) his capital improvements program and budget recommenda-  
29 tions for the succeeding fiscal year and capital improvements program

1 for the succeeding six fiscal years which shall include

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

4 (B) a summary of projects previously authorized and not  
5 yet completed;

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

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

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

16 (F) bond election bills to authorize the bonds required  
17 to fund the projects scheduled for the first three years of the  
18 plan;

19 (G) projections of population of the state and its  
20 regions and communities;

21 (H) economic data and projections necessary for the  
22 evaluation of the plan;

23 (4) a summary of state receipts in the last fiscal year, a  
24 revised estimate for the current fiscal year, and an estimate for the  
25 succeeding fiscal year;

26 (5) a summary of expenditures during the last fiscal year,  
27 those authorized for the current fiscal year, and an estimate for the  
28 succeeding fiscal year;

29 (6) any additional information which will facilitate under-

1 standing of the governor's proposed programs and financial plans by the  
2 legislature and the public.

3 \* Sec. 8. AS 37.07 is amended by adding a new section to read:

4 Sec. 37.07.062. CAPITAL BUDGET. (a) The general appropriation  
5 bill required to be submitted to the legislature in sec. 20(a) of this  
6 chapter shall contain a separate section for capital outlays which is  
7 divided into subsections for each of the capital projects funds (AS  
8 44.42.080) which lists, for each project, the (1) project identification  
9 number; (2) project title; (3) source of funding; (4) amount expended on  
10 the project during the preceding fiscal year, the amount authorized for  
11 the current fiscal year, and the amount proposed to be expended during  
12 the succeeding fiscal year; (5) estimated start for construction; (6)  
13 schedule of bond elections pertaining to the appropriation, including  
14 elections previously held. The total appropriation to each capital  
15 projects fund shall be reflected in the balance sheet of each fund as of  
16 June 30 of each fiscal year.

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

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

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

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

29 (3) bonds to be authorized--shows a normal debit balance;

1 these shall be reflected in general obligation bond or revenue bond Act  
2 proposals accompanying each year's capital improvements program revi-  
3 sion; the general obligation bond Act proposals are to provide funding  
4 for the three fiscal years following the general election date;

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

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

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

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

16 (8) expenditures, prior fiscal year--shows a normal credit  
17 balance;

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

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

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

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

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

29 (1) balance sheet;

- 1 (2) analysis of changes in bonds authorized and unissued;
- 2 (3) analysis of changes in bonds to be authorized;
- 3 (4) analysis of changes in funds to be provided by others;
- 4 (5) statement of expenditures and encumbrances compared to
- 5 appropriations.

6 \* Sec. 9. AS 37.07.070 is amended to read:

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

15 (1) By the 45th legislative day, the legislature shall have  
16 established by concurrent resolution the total amount of state general  
17 funds that shall be available for appropriation for the budget year and  
18 the tentative allocation of the funds among program categories in both  
19 the operating and capital budgets. The resolution shall be introduced  
20 by the finance committee of the house in which the general appropria-  
21 tions bill was introduced.

22 (2) By the 90th legislative day, the house in which the  
23 general appropriations bill was introduced by the governor shall have  
24 calendared for second reading a version of the general appropriations  
25 bill. The bill shall be supported with documentation to explain the  
26 proposed appropriations and related statements of intent. In addition,  
27 a list of other appropriations or measures with fiscal implications  
28 pending before the legislature shall be included with the documentation  
29 for the calendared bill.

1 \* Sec. 10. AS 37.05 is amended by adding a new section to read:

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

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

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

11 \* Sec. 11. AS 37.15 is amended by adding a new section to read:

12 Sec. 37.15.215. OFFICIAL STATEMENTS. To the extent practicable  
13 the official statements and other documentation issued in connection  
14 with an offering of state or local government securities shall comply  
15 with the guidelines of the Municipal Finance Officers Association or  
16 other nationally recognized guidelines.

17 \* Sec. 12. AS 44.42.020(a) is amended by adding a new paragraph to read:

18 (13) complete and maintain a current inventory of public  
19 facilities, including a projection of the serviceability of the facili-  
20 ties and projections of replacements and additions to facilities needed  
21 to provide the level of services programmed by the various user  
22 agencies, for municipalities with populations of less than 12,000 and  
23 for unincorporated communities, and perform those duties on a coopera-  
24 tive basis with larger municipalities;

25 \* Sec. 13. AS 44.42 is amended by adding a new section to read:

26 Sec. 44.42.055. STATE PUBLIC FACILITIES PLAN. (a) The commis-  
27 sioner shall develop and annually revise a statewide comprehensive  
28 facility procurement plan for public facilities of the state and its  
29 municipalities.

1 (b) In developing and annually revising the facility procurement  
2 plan, the commissioner shall

3 (1) request and receive on an annual basis from all state  
4 agencies a projection of the anticipated facility needs of the agency  
5 for the next annual capital improvement program;

6 (2) consult with officials and representatives of municipali-  
7 ties, the federal government, interested corporations and other organi-  
8 zations concerning public facility needs in the state;

9 (3) develop specific facility procurement plans for projects  
10 in each of the following categories:

11 (A) sewage transmission and treatment systems;

12 (B) water transmission and treatment systems;

13 (C) electrical generation and distribution systems;

14 (D) health care and social services facilities;

15 (E) educational facilities;

16 (F) communications facilities and transportation facili-  
17 ties;

18 (G) public safety and justice facilities;

19 (H) recreational facilities; and

20 (I) sanitation facilities;

21 (4) prepare recommendations to accommodate the various levels  
22 of service identified by state agencies and other parties with respect  
23 to the services described in (3) of this subsection, to include recom-  
24 mended

25 (A) current and future facility needs;

26 (B) space standards and design guidelines for the appro-  
27 priate facility types;

28 (C) maintenance and operations standards for the appro-  
29 priate facility types;

1 (D) construction techniques and contracting methods;  
2 (E) facility project budget requirements; and  
3 (F) the relative costs of identified alternatives (life  
4 cycle cost analysis);

5 (5) identify common public facility needs among the various  
6 user agencies; and

7 (6) submit its findings, plans and recommendations to the  
8 governor and to the appropriate state agency to facilitate the develop-  
9 ment of agency capital improvement budget requests.

10 (c) In the preparation and revision of the facility procurement  
11 plan, the commissioner may

12 (1) develop and adopt regulations for use in carrying out the  
13 purpose of (b) of this section; regulations may not be adopted under  
14 this section unless approval is received from appropriate program  
15 agencies;

16 (2) make recommendations on the total capital improvement  
17 program to affected state agencies, local governments, and other in-  
18 terested parties and organizations, and to the divisions of budget and  
19 management and policy development and planning.

20 (d) In this section, "public facility"

21 (1) means a capital improvement within one of the categories  
22 described in (b) of this section which is constructed

23 (A) for subsequent occupancy or operation by the state,  
24 a public corporation of the state, the University of Alaska, a  
25 political subdivision, or a regional educational attendance area;

26 (B) by a political subdivision or any private party with  
27 the assistance of financial support provided by the state if funds  
28 appropriated or paid by way of a grant or loan in advance of con-  
29 struction of the facility, or any part of it, are 50 per cent or

1 more of the estimated costs of construction of the facility;

2 (2) does not include projects constructed with the proceeds  
3 of one or more loans issued by a loan program administered by the  
4 Department of Commerce and Economic Development.

5 \* Sec. 14. AS 44.42 is amended by adding a new section to read:

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

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

16 \* Sec. 15. AS 44.47 is amended by adding a new section to read:

17 Sec. 44.47.092. LAND USE PLANNING AND STATE FACILITY PROCUREMENT  
18 PLAN. The department shall make recommendations to the Department of  
19 Transportation and Public Facilities and to appropriate program agencies  
20 concerning the effect upon the comprehensive plan or other land use  
21 plans or proposals of municipalities and unincorporated communities with  
22 respect to the facility procurement plan required to be prepared in  
23 accordance with AS 35.10.170 and AS 44.42.055.

24 \* Sec. 16. AS 35.10.200(3) is repealed.