

Introduced: 2/14/78
Referred: Finance

1 IN THE SENATE

BY THE SPECIAL COMMITTEE ON THE
ALASKA PERMANENT FUND

2 SENATE BILL NO. 510

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 the state budget and to state
7 bonding."

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

9 * Section 1. AS 37.07.020 is repealed and re-enacted to read:

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

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

21 (c) Proposed expenditures may not exceed estimated revenues for
22 the succeeding fiscal year. The expenditures proposed in the six-year
23 capital improvements program and financial plan shall not exceed the
24 estimated revenues and bond authorizations passed and proposed.

25 * Sec. 2. AS 37.07.030 is amended to read:

26 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-
27 lature shall

- 28 (1) provide for a budget review function;
29 (2) analyze the comprehensive operating and capital improve-

1 ments programs [PROGRAM] and financial plans [PLAN] recommended by the
2 governor;

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

7 (4) provide for a post-audit function, to cover financial
8 transactions, program accomplishment and compliance with legislative
9 intent;

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

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

16 * Sec. 3. AS 37.07.060 is repealed and re-enacted to read:

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

27 (b) The governor shall present the proposed comprehensive opera-
28 ting and capital improvements programs and financial plans in a message
29 to a joint session of the legislature before the fourth legislative day

1 following the convening of the legislature in regular session. The
2 message shall be accompanied by an explanatory report which summarizes
3 recommended goals, plans, and appropriations. The report shall contain

4 (1) the coordinated program goals and objectives which the
5 governor recommends to guide the decisions on the proposed program plans
6 and budget appropriations;

7 (2) his operating program and budget recommendations for the
8 succeeding fiscal year;

9 (3) his capital improvements program and budget recommenda-
10 tions for the succeeding fiscal year and capital improvements program
11 for the succeeding six fiscal years which shall include

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

14 (B) a summary of projects previously authorized and not
15 yet completed;

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

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

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

26 (F) bond election bills to authorize the bonds required
27 to fund the projects scheduled for the first three years of the
28 plan;

29 (G) projections of population of the state and its

1 regions and communities;

2 (H) economic data and projections necessary for the
3 evaluation of the plan;

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

7 (5) a summary of expenditures during the last fiscal year,
8 those authorized for the current fiscal year, and an estimate for the
9 succeeding fiscal year;

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

13 * Sec. 4. AS 37.07 is amended by adding a new section to read:

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

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

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

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

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

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

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

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

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

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

26 (8) expenditures, prior fiscal year--shows a normal credit
27 balance;

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

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

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

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

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

- 10 (1) balance sheet;
11 (2) analysis of changes in bonds authorized and unissued;
12 (3) analysis of changes in bonds to be authorized;
13 (4) analysis of changes in funds to be provided by others;
14 (5) statement of expenditures and encumbrances compared to
15 appropriations.

16 * Sec. 5. AS 37.07.070 is amended to read:

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

25 (1) By the 45th legislative day, the legislature shall have
26 established by concurrent resolution the total amount of state general
27 funds that shall be available for appropriation for the budget year and
28 the tentative allocation of the funds among program categories in both
29 the operating and capital budgets. The resolution shall be introduced

1 by the finance committee of the house in which the general appropria-
2 tions bill was introduced.

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

11 * Sec. 6. AS 37.05 is amended by adding a new section to read:

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

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

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

21 * Sec. 7. AS 37.15 is amended by adding a new section to read:

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

27 * Sec. 8. AS 44.42.020(a) is amended by adding new paragraphs to read:

28 (13) maintain a current inventory of all state facilities,
29 including a projection of the serviceability of the facilities and pro-

1 jectons of replacements and additions to facilities needed to provide
2 the level of services programmed by the various user agencies;

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

6 (15) recommend to the governor

7 (A) projects in the following categories:

8 (i) sewage transmission and treatment systems in
9 communities without a central system;

10 (ii) water transmission and treatment systems in
11 communities without a central system;

12 (iii) electrical generation and distribution systems;

13 (iv) health care facilities in communities without
14 such facilities, unless those facilities can be provided in
15 conjunction with school facilities;

16 (v) school facilities which will provide adequate
17 recreational, physical fitness, public library, health care,
18 and other related activities;

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

22 (vii) community development projects which will pro-
23 vide local employment opportunities;

24 (viii) public safety and justice facilities;

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

27 (i) date of incorporation of the municipality bene-
28 fited by the project;

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

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(iii) projected needs of community to meet anticipated growth.

* Sec. 9. AS 44.42 is amended by adding new sections to read:

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

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