

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 132

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act approving and ratifying restrictions on
7 expenditures; and providing for an effective date."

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

9 * Section 1. STATEMENT OF PURPOSE AND FINDINGS. The legislature finds
10 that:

11 1. Estimated receipts and surpluses will not be sufficient to
12 cover appropriations for fiscal year 1987.

13 2. In response to the anticipated deficit, Governor Sheffield
14 issued Administrative Order Number 90 (August 22, 1986), which restricted
15 the rate of obligation or expenditure of a number of appropriations under
16 the authority conferred by AS 37.07.080. Governor Cowper made a similar
17 but more limited reduction in Administrative Order No. 91 (December 8,
18 1986).

19 3. Issuing those Orders was a necessary and appropriate response
20 to a fiscal crisis that was facing the state.

21 4. Issuance of those Orders has been challenged in court by the
22 Fairbanks North Star Borough and others.

23 5. If Administrative Orders Nos. 90 and 91 are overturned in
24 full or in part, the consequences to rational state fiscal management would
25 be incalculable.

26 6. The legislature desires that those Orders and the actions
27 taken by the governor and the executive branch under those Orders be ap-
28 proved and ratified, and that any uncertainty about the status of the money
29 withheld be removed.

1 7. In approving the restrictions on the one-year appropriations
2 for fiscal year 1987, the legislature expects that the unobligated portion
3 of those appropriations restricted by Administrative Orders Nos. 90 and 91
4 will lapse in accordance with AS 37.25.010.

5 8. In approving the restrictions on the FY 1987 appropriations
6 that continue beyond one year, the legislature desires that the appro-
7 priations be continued in full, subject to the availability of money.
8 Consequently, the legislature desires that the governor be given the au-
9 thority to continue to restrict the obligation or expenditure of those
10 appropriations over the next two fiscal years (1988 and 1989) so that
11 approximately one-third of the original appropriation is released in each
12 fiscal year. If money is not sufficient to cover other appropriations for
13 those fiscal years, however, then the fiscal year 1987 appropriations that
14 do not lapse will be the first appropriations to be restricted, and the
15 governor can restrict the obligation or expenditure of those appropriations
16 in that instance in an amount greater than one-third. If a greater re-
17 striction is required, then the governor should be authorized to restrict
18 those appropriations up to the full amount that remains unobligated or
19 unexpended, depending upon the size of the impending deficit. The re-
20 strictions need not be pro rata; however, it is expected that the governor
21 will consult both with municipalities and with the appropriate legislative
22 standing committees before making those reductions or restrictions.

23 * Sec. 2. APPROVAL AND RATIFICATION. The actions of the governor and
24 the executive branch in issuing and implementing Administrative Orders Nos.
25 90 and 91, as reflected, for the operating budget, in the budget workbooks
26 submitted to the legislature under AS 37.07.040 and entitled "Operating
27 Budget FY 87 Revised," and, for the capital budget, in the computer
28 printout by the Office of Management and Budget, Division of Budget Review,
29 entitled "HB 574 & SB 171 Capital Appropriations With

1 Adjusted FY '87 Cash Flow, By Election District," further identified by
2 Date: 02/11/87, and Time: 14:11:35, are approved and ratified.

3 * Sec. 3. ADDITIONAL RESTRICTIONS. The governor may restrict the rate
4 of obligation or expenditure of any of the appropriations subject to sec. 2
5 which do not lapse on June 30, 1987. Unless the governor makes a finding
6 after June 30, 1987 that estimated receipts and surpluses will be insuffi-
7 cient to provide for appropriations, the rate of obligation or expenditure
8 shall not be less than an annual amount of 33 percent of the original
9 amount of the appropriation restricted. If the governor makes that find-
10 ing, however, then he may withhold from obligation or expenditure any of
11 those appropriations in any amount.

12 * Sec. 4. SUSPENSION OF OTHER LAW. The provisions of sec. 2 and sec. 3
13 of this Act are effective notwithstanding the provisions of any other law,
14 including but not limited to AS 37.05.315, 37.05.316, and 37.05.317.

15 * Sec. 5. This Act is retroactive to July 1, 1986.

16 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).