

CS FOR HOUSE BILL NO. 144 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/21/91

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for legislative appropriation of the terms of certain proposed settlements
2 of claims; prohibiting the payment of those terms without an express appropriation; and
3 requiring reports of settlements."

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

5 * Section 1. PURPOSE. It is the purpose of this Act

6 (1) to place all persons with claims against the state or against whom the state has claims
7 on notice that settlements of those claims requiring large appropriations are subject to legislative action;

8 (2) to require the governor to submit to the legislature all settlements of claims by or
9 against the state that require large appropriations, and to allow the legislature to give informal approval
10 or disapproval of those settlements; and

11 (3) to prohibit the state from paying large claim settlements out of funds other than those
12 expressly appropriated for that purpose.

13 * Sec. 2. AS 09.50.300 is amended to read:

14 Sec. 09.50.300. COMPROMISE BY ATTORNEY GENERAL. Subject to the

1 requirements of AS 44.23.070, the [THE] attorney general may, with the approval of the court,
2 arbitrate, compromise, or settle any action filed under AS 09.50.250 - 09.50.300.

3 * **Sec. 3.** AS 36.30 is amended by adding a new section to read:

4 Sec. 36.30.631. LEGISLATIVE REVIEW. AS 44.23.070 applies to claims brought under
5 AS 36.30.620.

6 * **Sec. 4.** AS 37.05.170 is amended by adding a new subsection to read:

7 (b) The Department of Administration may not make the certification required under (a)
8 of this section for the payment of part or all of a claim settlement covered by AS 44.23.070
9 unless the legislature has made an express appropriation or expenditure authorization for that part
10 of the settlement for which payment is requested. The Department of Administration may not
11 make a certification for payment of a settlement covered by AS 44.23.070 based on a general
12 appropriation to pay judgments against the state or a general appropriation to the division of risk
13 management.

14 * **Sec. 5.** AS 44.23 is amended by adding new sections to read:

15 Sec. 44.23.070. LEGISLATIVE APPROVAL REQUIRED FOR CERTAIN PROPOSED
16 SETTLEMENTS OF CLAIMS. (a) If a settlement of a claim by or against the state would
17 require legislative appropriation of goods, services, or money, or a combination of them, worth
18 a total of \$10,000,000 or more, whether in one or more than one fiscal year, the terms of the
19 settlement requiring appropriation may not take effect until the legislature has made a specific
20 appropriation to carry out those terms.

21 (b) A settlement of a claim described in (a) of this section shall be reduced to a written
22 agreement. The written agreement must contain a provision stating the requirements for
23 legislative appropriation set out in (a) of this section. The governor shall submit the written
24 agreement to the speaker of the house of representatives and the president of the senate within
25 15 days of the date that the written agreement is executed. The legislature may advise the
26 governor by concurrent resolution if it approves or disapproves of the terms of the settlement.
27 The approval of the terms of a settlement requiring appropriation under this subsection is a
28 nonbinding, advisory expression of legislative intent. If the legislature disapproves the terms of
29 the settlement under this subsection, the state and the adverse party may resume settlement
30 negotiations.

31 (c) If the settlement provides for payments by the state in more than one fiscal year, the

1 legislature may enact an appropriation carrying out the entire terms of the settlement or may
2 enact an appropriation carrying out only the terms that require appropriation in the next fiscal
3 year. An appropriation for part of the terms of an agreement does not bind the legislature to
4 appropriate for the remaining terms. An appropriation for part or all of the terms of a settlement
5 is subject to repeal of the unexpended portion of the appropriation.

6 (d) This section applies to settlements where money is to be paid to the state but is
7 designated for specific purposes and where a legislative appropriation of \$10,000,000 or more,
8 whether in one or more than one fiscal year, would be necessary to effectuate those purposes.
9 This section applies whether the claim is settled before or after litigation is commenced.

10 (e) If a settlement would require the state to pay costs, attorney fees, or interest, the
11 amount of costs, attorney fees, and interest that the state would be required to pay is included
12 in calculating the \$10,000,000 figure.

13 Sec. 44.23.080. REPORTS ON SETTLEMENT OF CLAIMS. (a) An agency in the
14 executive branch that during a calendar year has settled a claim by or against the agency without
15 the involvement of the attorney general shall report in writing to the attorney general, no later
16 than January 15 of the year following the year in which the claim was settled, on the claim
17 settled and the terms of the settlement.

18 (b) No later than February 1 of each year, the attorney general shall report in writing to
19 the legislature regarding claims by or against the state that were settled during the previous year

20 (1) by the attorney general as a result of litigation;

21 (2) by the attorney general without litigation;

22 (3) by an executive branch agency with the involvement of the attorney general;

23 or

24 (4) by an executive branch agency without the involvement of the attorney
25 general.

26 (c) The report to the legislature under (b) of this section must set out the nature of the
27 claims settled and the terms of the settlements.

28 (d) In this section "claim" means a demand for payment of money, goods, or services
29 based on a legal cause of action.

30 * Sec. 6. AS 44.77 is amended by adding a new section to read:

31 Sec. 44.77.080. LEGISLATIVE REVIEW. AS 44.23.070 applies to claims brought under

1 this chapter.