

1/29/75

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date _____

The Committee on Finance has had HB 103

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends: Do pass, if amended.

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

H. Malone Chairman

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE

MINORITY REPORT ON HOUSE BILL 103

While HB 103 contains two budget requests from the Department of Community and Regional Affairs, it doesn't necessarily follow that they should be packaged under a single budget appropriation bill.

Certain questions come to mind as to the prudence of "piggy-backing" unrelated budget requests - in this case, the \$29,000 Neighborhood Youth Corps program's 1973 over-expenditure item is attached to the state's obligated \$3.1 million payment to the Alaska Native Fund.

Whether or not this "piggy-back" style used here was planned intentionally to hasten the safe passage of the NYC program housekeeping item is not only an interesting strategy, but also a serious problem. As legislators, can we accept the rather arbitrary way that supplemental appropriation bills are packaged to allow questionable budget items to slip through and get funded because they are attached to more significant or popular budget issues?

We're going through hard times, and we must look for ways to tighten up our state's budget. It is imperative that we must exact better job performance on the part of our state employees and insist on greater accountability of our taxpayers' money.

I recommend a Do Pass, if amended to cause the following action:

- 1) Separate the budget request items contained in this bill so that each could be dealt with according to its own merit.

Thelma Buchholdt
Vice Chairman

Introduced: 1/29/75
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 103

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Community and Regional Affairs; and
8 providing for an effective date."

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

10 * Section 1. The sum of \$3,177,000 is appropriated from the general
11 fund to the Department of Community and Regional Affairs for the fiscal
12 year ending June 30, 1975 to be allocated as follows:

13 Neighborhood Youth Corps Program, fiscal year

14 1973 overexpenditures \$ 29,000

15 Alaska Native Fund, cents per barrel oil pro-

16 duction tax transfer under AS 43.55.015(e) 3,148,000

17 \$3,177,000

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.
19 10.070(c).

H/103

MEMORANDUM

State of Alaska

Department of Community And Regional Affairs

TO: V. Kent Dawson, Director
Division of Budget and Management

DATE: December 30, 1974

FILE NO:

TELEPHONE NO: 465-4709

FROM: Lynn A. Wegener *LAW*
Administrative Officer

SUBJECT: Request for Supplemental-
Native Land Claims BRU

RECEIVED
DEC 30 1974
BUDGET & MANAGEMENT

The Department of Community and Regional Affairs requests a supplemental appropriation in the amount of \$3,148,000 for the fiscal year 1975 Native Land Claims Settlement Budget Request Unit.

The current year budget was prepared and funds appropriated based on the assumption that the majority of all oil produced would be taxed under the percentage method and thus no portion of the production tax would be paid into the Alaska Native Fund. Due to an increase in the cents per barrel production tax schedule effective April 1, 1974 it became more advantageous to the State to tax under the cents per barrel method as opposed to the percentage method. Production taxed under this method is subject to AS 43.55.015 (a) which directs the State to pay into the Alaska Native Fund five cents for each barrel of oil produced under State leases until the State discharges its liability under Section 9 of the Alaska Native Claims Settlement Act.

The Department of Natural Resources has indicated that oil production will continue to be taxed under the cents per barrel method for the remainder of the fiscal year. The amount requested is based on Natural Resources' latest cents per barrel projection.

LAW/sw

DEPARTMENT OF NATURAL RESOURCES
 ESTIMATED LIABILITIES INCURRED BY THE STATE AND U. S. GOVERNMENT
 UNDER THE NATIVE CLAIMS SETTLEMENT ACT
 FISCAL YEARS 1975 THROUGH 1981

REVENUE SOURCE DESCRIPTION	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.	F. Y.
CODE STATE OF ALASKA	1975	1976	1977	1978	1979	1980	1981
618 COAL LEASE RENTALS	150	150	150	150	150	150	150
620 COAL ROYALTIES	-0-	-0-	-0-	-0-	-0-	-0-	-0-
633 MINERAL LEASE RENTALS	30,000	30,000	30,000	30,000	30,000	30,000	30,000
636 BONUSES FROM MINERAL LEASES	-0-	-0-	-0-	-0-	-0-	-0-	-0-
637 ROYALTIES FROM OIL PROD.	8,000	9,000	9,000	26,394,000	79,953,000	97,133,000	110,713,000
641 ROYALTIES FROM GAS PROD.	113,000	110,000	110,000	110,000	115,000	2,000,000	2,533,000
115 OIL PROD. TAX - 5¢ per/bbl	<u>3,155,000</u>	<u>2,898,000</u>	<u>2,666,000</u>	<u>18,138,000</u>	<u>31,374,000</u>	<u>33,927,000</u>	<u>35,579,000</u>
TOTAL STATE LIABILITIES	<u>3,306,150</u>	<u>3,047,150</u>	<u>2,785,150</u>	<u>44,672,150</u>	<u>111,472,150</u>	<u>133,090,150</u>	<u>148,855,150</u>
710 OIL & GAS ROYALTIES - FED.	1,267,000	1,358,000	1,405,000	1,413,000	1,367,000	1,311,000	1,244,000
710 COAL ROYALTIES - FED.	50	50	50	50	50	50	50
711 OIL & GAS RENTALS - FED.	40,000	38,000	37,000	37,000	37,000	37,000	37,000
711 COAL RENTALS - FED.	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
TOTAL FEDERAL LIABILITIES	<u>1,307,080</u>	<u>1,396,080</u>	<u>1,442,080</u>	<u>1,450,080</u>	<u>1,404,053</u>	<u>1,348,080</u>	<u>1,281,080</u>
TOTAL FEDERAL & STATE LIABILITIES	<u><u>4,613,230</u></u>	<u><u>4,443,230</u></u>	<u><u>4,227,230</u></u>	<u><u>46,122,230</u></u>	<u><u>112,876,203</u></u>	<u><u>134,438,230</u></u>	<u><u>150,136,230</u></u>

7 Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request Neighborhood Youth Corp	29.0	GF	Request recommended This request is to balance the accounting records of FY 73 for the overexpenditure in this program. No funds will actually be expended from this request.

BRU. FY 75 Supplemental - NYC BRU CODE _____ REVISED _____



MEMORANDUM

State of Alaska

TO: Richard Freer, Commissioner
Dept. of Administration

DATE: November 16, 1974

FILE NO:

Atten: Myrton R. Charney, Director
Division of Budget and
Management

TELEPHONE NO:

FROM: Byron I. Mallott
Commissioner

SUBJECT: Request for Supplemental
Appropriation

RECEIVED
NOV 21 1974
BUDGET & MANAGEMENT

B.I.M.
b.l.
CR

The Department of Community and Regional Affairs requests a supplemental appropriation in the amount of \$29,022 to cover an over-expenditure in our U.S. Department of Labor, Neighborhood Youth Corps In-School/Summer Contract R-1003-02.

Contract R-1003-02 was originally signed in September 1970 for the Neighborhood Youth Corps In-School Program of 1970-71. This contract was between the U.S. Department of Labor and the Office of the Governor, Rural Development Agency. The contract was modified fourteen times to include additional In-School and Summer Programs and continued through November 1972. The total contract amounted to \$2,211,060. The program was administered by the Office of the Governor, Rural Development Agency until July 1972 when responsibility was transferred to the Department of Community and Regional Affairs, Rural Development Assistance Division. Modification thirteen transferred the responsibility to the newly established Department and number fourteen extended the termination date to November 1972.

The over expenditure can be attributed to insufficient accounting controls. Although the Agency was administering several contracts concurrently, the computerized control of the State Accounting system was set at the total budget level rather than on an individual program basis. This allowed one contract to exceed it's authorization as long as the negative balance could be absorbed by the balance of the other contracts. The numerous modifications transferring funds and awarding of new funding and the change in program directors also contributed to the over-expenditure.

Because of Federal delays in closing out this contract, it has only now come to our attention. The contract was audited by Gregor Thorp McCracken Early of Eugene, Oregon in June 1974. They concur with the following over-expenditures:

Personal Services	\$38,694
Travel	(18,292)
Contractual Services	7,834
Equipment	786
	<hr/>
	\$29,022

The amount of \$29,022 be appropriated from the State General Fund to fully cover the over-expenditure.