

HB

801

Original sponsors: Smith, Bradley,  
Buchholdt, et al

Offered: 3/29/76  
Referred: Judiciary

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 801

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Capital Planning Commission;  
7 and providing for an effective date."

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

9 \* Section 1. AS 44.06 is amended by adding new sections to read:

10 ARTICLE 3. CAPITAL PLANNING COMMISSION.

11 Sec. 44.06.200. CAPITAL PLANNING COMMISSION. There is created in  
12 the Office of the Governor the Capital Planning Commission. The com-  
13 mission is responsible to the executive branch of the state government  
14 for administrative and fiscal purposes but has an existence independent  
15 from the executive branch.

16 Sec. 44.06.210. MEMBERSHIP. (a) Within 15 days following the  
17 date of the election in which the site is selected, the governor shall  
18 appoint a commission consisting of nine members, subject to confirmation  
19 by a majority of the members of the legislature in joint session. Mem-  
20 bers shall be appointed with due regard to geographic representation and  
21 on a nonpartisan basis, and shall be selected as follows:

22 (1) one member must be a registered architect, who may be  
23 selected from a list of names submitted by professional architect  
24 societies or associations;

25 (2) one member must be a registered engineer, who may be  
26 selected from a list of names submitted by professional engineer socie-  
27 ties or associations;

28 (3) one member with a financial or economic background, who  
29 may be selected from a list of names submitted by banking and financial

1 ~~associations or societies;~~

2 (4) one member with land use planning background, who may be  
3 ~~selected from a list of names submitted by professional planner socie-~~  
4 ~~ties or associations;~~ and

5 (5) five members appointed from the general public.

6 (b) The commissioners of natural resources, public works, revenue,  
7 community and regional affairs or their designees, and the mayor of the  
8 Matanuska-Susitna Borough or his designee, shall serve as nonvoting ex  
9 officio members of the commission.

10 (c) The members are entitled to receive \$100 ~~per day~~ <sup>per diem</sup> for their  
11 service on the commission ~~[and per diem]~~ and travel expenses as authorized  
12 by law.

13 Sec. 44.06.220. MEETING OF THE COMMISSION. The members shall  
14 elect a chairman and vice-chairman from among their membership. The  
15 governor shall call the first meeting of the commission within 30 days  
16 after appointment of the members. A majority of the members constitutes  
17 a quorum for conducting business and exercising the powers of the com-  
18 mission. The commission shall meet at the call of the chairman or at  
19 the request of a majority of the members.

20 Sec. 44.06.230. PURPOSE; DETAILED DEVELOPMENT PLAN; DUTIES OF  
21 COMMISSION. (a) The purpose of the commission is to prepare a detailed  
22 plan for development of the capital site within the guidelines set out  
23 by the legislature. This detailed development plan shall be completed  
24 no later than January 1, 1979 and shall be made subject to public input  
25 during its formulation. Following completion of the plan, the commis-  
26 sion shall make public presentations of it throughout the state.

27 (b) The detailed development plan shall include, but need not be  
28 limited to, the following elements: community facilities, transporta-  
29 tion, public utilities, industrial development, residential development,

1 water resources, environmental aspects. It shall include provisions  
2 addressing each element in terms of its social and economic impact. The  
3 plan should also address governmental jurisdictions, including state-  
4 ments as to the appropriate planning authority and recommendations as to  
5 the forms and powers of the local government. The commission shall also  
6 develop a planning work program.

7 (c) The commission shall perform physical and geotechnical site-  
8 specific analysis and related mapping.

9 (d) The commission shall conduct an analysis of the opportunity  
10 for the reorganizing and regionalization of state government, and  
11 develop a list of executive agencies which are expected to be located in  
12 the capital. This list shall include the offices to be moved, the  
13 number of personnel to be employed in those offices, and the anticipated  
14 required office space for that number of persons. This list shall be  
15 used for capital site planning purposes only, and is not binding as to  
16 which executive agencies may be located in the capital. The commission  
17 shall then develop a relocation phasing plan.

18 (e) The commission shall develop options for compensatory measures  
19 to minimize the impact on both the City and Borough of Juneau and the  
20 Matanuska-Susitna Borough.

21 (f) The commission shall recommend to the legislature the type of  
22 development entity which would be responsible for capital city develop-  
23 ment as well as the powers and authority which should be vested in this  
24 development entity.

25 (g) The commission shall conduct a financial cost analysis and  
26 develop funding alternatives to present to the legislature by January,  
27 1978.

28 Sec. 44.06.240. FUNDING. The commission is subject to the Execu-  
29 tive Budget Act (AS 37.07) and funding by the legislature.

1           Sec. 44.06.250. ASSISTANCE TO COMMISSION. (a) The commission  
2 shall use all the competent professional and technical services required  
3 to assist in the planning. The commission may choose the consultants  
4 which in its judgment are necessary to assist in the planning. The com-  
5 mission may also request any information which it considers essential  
6 from any agency or division of the state.

7           (b) The commission shall develop an appropriate procedure in order  
8 to select competent firms to develop the elements involved in the  
9 capital site development plan within the time frame called for in sec.  
10 230 of this chapter. The commission shall consider the feasibility of  
11 conducting an international competition for the design of the capital  
12 city.

13           Sec. 44.06.260. REPORTS. The commission shall report on its work  
14 every six months. This report shall be distributed to the governor,  
15 presiding officers of the legislature, chief justice of the supreme  
16 court, and the general public.

17 \* Sec. 2. AS 39.50.200(9) is amended by adding a new subparagraph to  
18 read:

19                           (LL) Capital Planning Commission (AS 44.06.200).

20 \* Sec. 3. This Act takes effect July 1, 1976.  
21  
22  
23  
24  
25  
26  
27  
28  
29

*Subject  
to bill  
we passed  
on Dept. Public  
Works*

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

February 24, 1976

3000  
M  
The Honorable Joseph McKinnon  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: House Bill No. 801

Dear Mr. McKinnon:

House Bill No. 801, an Act relating to the Capital Site Development Authority was introduced in the House on February 17, 1976 and was referred to the House State Affairs and Judiciary Committees.

Sec. 44.58.230 of the proposed legislation appearing on pages 13 and 14 of the Bill provides as follows:

"QUARTERLY AUDIT. The authority shall provide for a quarterly audit of the accounts and financial transactions of the authority by the audit division of the Department of Revenue. Copies of the audit shall be furnished to the legislature within 10 days of each audit."

For the consideration of the House State Affairs Committee, I am enclosing a Fiscal Note and accompanying memorandum prepared by Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning the Quarterly Audits to be performed by the Audit Division of the Department of Revenue.

If you or any members of the House State Affairs Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Jenkins for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson  
Special Assistant

Enclosure

The Honorable Joseph McKinnon

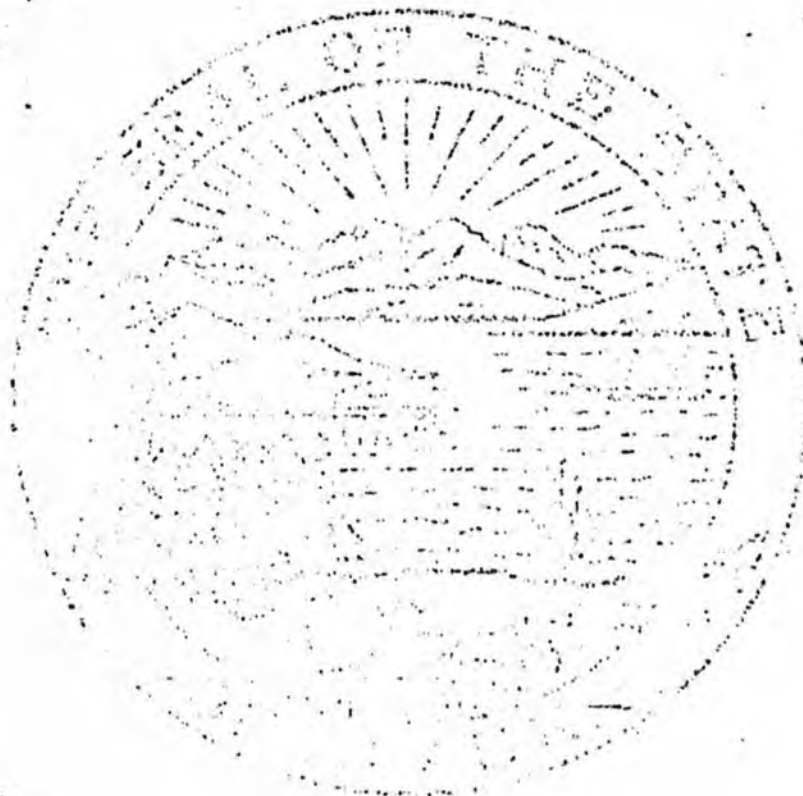
-2-

February 24, 1976

cc: The Honorable Terry Gardiner  
Chairman  
House Judiciary Committee

The Honorable Theodore Smith  
Prime Sponsor  
House Bill No. 301

Gary L. Jenkins  
Director, Audit Division  
Department of Revenue



# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Assistant to the Commissioner  
Department of Revenue

DATE: February 23, 1976

FILE NO:

TELEPHONE NO:

SUBJECT: House Bill 801

FROM: Gary L. Jenkins  
Director  
Audit Division



This bill would establish a capital site development authority whose prime responsibility would be the development of the new proposed capital site. Among the other provisions of this bill, Section 44.58.230 provides for a quarterly audit of the accounts and transactions of the authority which is to be performed by the Audit Division of the Department of Revenue. The language further provides that copies of the audit shall be furnished to the Legislature within ten days of each audit.

There are two major difficulties with this bill in our opinion. First of all, we are assigned the audit responsibilities for an agency which is totally out of the area in which we normally operate. Our audits have always been audits of taxpayer's records to insure that the proper amount of tax has been paid to the State of Alaska. It would seem far more logical to assign this audit function to either the State Internal Auditor, Legislative Audit or to provide for contracting with a professional accounting firm.

Further, the wording of the legislation concerns me for several reasons. First of all, it provides for a quarterly audit which is an inordinately high frequency if a full scale professional audit is to be undertaken. I would recommend instead that the language be modified to provide for a full scale audit on an annual basis with the auditors to perform either a semi-annual or, if deemed necessary, a quarterly review of the accounting records of the authority.

Secondly, the law does not define how extensive of an audit is expected. Perhaps the language could be modified as to specify exactly what is expected of the auditors.

Thirdly, the provision that copies of the audit will be furnished to the Legislature within ten days of each audit, if taken literally, would mean that once the field work was completed, the audit would have to be completed and sent to the Legislature within ten days. It is my experience that on a complete in-depth professional audit, the write-up time could take from six to eight weeks after completion of the field work. Thus, I would suggest that the language in the bill be changed to read "copies of the audit shall be furnished to the Legislature within ten days of the completion of each audit."

GLJ/bjm

Attachment

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 801  
 Title: Act relating to Capital Site Development Authority  
 Requested by: R. D. Stevenson Date: 2-19-76  
 Return Date Requested: 2-23-76  
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Audit Division

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		99.3	99.3	99.3	99.3	99.3
200 TRAVEL		2.0	2.0	2.0	2.0	2.0
300 CONTRACTUAL		11.7	11.7	11.7	11.7	11.7
400 COMMODITIES		1.0	1.0	1.0	1.0	1.0
500 EQUIPMENT		2.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>-0-</b>	<b>116.6</b>	<b>114.0</b>	<b>114.0</b>	<b>114.0</b>	<b>114.0</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	116.6	114.0	114.0	114.0	114.0
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	4/0	4/0	4/0		4/0
MAN MONTHS (P./T.)	/	48/0	48/0	48/0	48/0	48/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The above is the cost of the staffing needed to perform the audit as proposed in the legislation.

IV. ATTACHMENTS

See memo attached dated 2-23-76

V...DATE: 2-23-76 PREPARED BY: *Ray Clark*

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

HB 801

*Terry Gardiner*

Box 1092, Ketchikan, Alaska 99901 - Pouch V, Juneau, Alaska 99811

*In your  
file only*

April 7, 1976

Ralph C. Gregory  
Box 1853  
Ketchikan, Alaska 99901

Dear Mr. Gregory,

I received with interest your letter concerning the different proposals for the design of the proposed new state Capitol Complex. This is the first time that I have been aware of the proposal made by the Alaska Chapter of the American Institute of Architects. I have not seen any information other than what you have sent me.

I have enclosed a copy of CS HB 801 sponsored by Rep. Ted Smith of Anchorage. The bill does not necessarily address the question you have raised. I would be interested in receiving any comments you might have about this bill as it is in the House Judiciary Committee at the present time, and of which I am chairman. Possibly some kind of limitation or direction to the proposed Capitol Planning Commission as per your suggestions are in order if this legislation were to fly this year.

Sincerely,

---

Terry Gardiner

RALPH C. GREGORY ARCHITECT

March 29, 1976

The Honorable Terry L. Gardner  
Representative  
The House of Representatives  
Pouch V, State Capitol Building  
Juneau, Alaska

Dear Representative Gardner:

I am enclosing a series of recent correspondence between myself and Mr. Plunkett, Chairman of the State Chapter A.I.A. for your consideration.

In addition, please note the following arguments against formation of an international competition for design of the State Capitol Complex.

1. An international competition would by definition invite the design of an extremely important component of Alaska's future growth and development by firms with only marginal experience and association with the State. The time for the competition, it appears, has been preliminarily established at something in the range of nine months. As you are aware, all three sites represent social, environmental and physical problems which simply cannot be absorbed in so short a period of time.
2. Any monies set aside for payment of prizes for such a competition could be much more efficiently used in the design and/or construction.
3. The selection of a "design" would tie the state to a development plan of unknown merit and potential. The flaws of such a design would only become apparent as the plan was implemented.
4. A study of the history of architectural competitions of this nature reveals that execution of the winning design results in incredible cost overruns, sometimes insurmountable construction problems and in many cases, an incompatibility with their intended uses.

I would respectfully suggest that the Capitol move now projected at Three Billion Dollars (\$3,000,000,000,000.) is in the first instance a waste of the State's resources, but that in any case, if the project does go ahead, it should be designed by architects and planners with long experience and association with the State and the social, economic and physical problems associated with the development of the state and that any effort by outside interests to gain control

BOX 1853 KETCHIKAN, ALASKA 99901

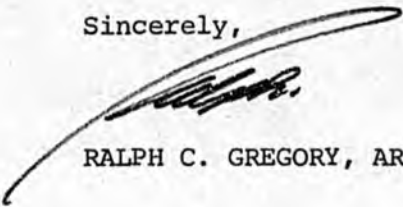
The Honorable Terry L. Gardner

March 29, 1976

Page Two

of this major construction and design project should be resisted by legislators interested in a quality development scaled to the real needs of Alaskans as opposed to the aspirations of designers viewing the proposed Capitol relocation as a means of personal or corporation aggrandizement.

Sincerely,



RALPH C. GREGORY, ARCHITECT

RCG/j

Enclosures



ALASKA CHAPTER THE AMERICAN INSTITUTE OF ARCHITECTS

March 17, 1976

Mr. Ralph C. Gregory  
Box 1853  
Ketchikan, AK 99901

Subject: Capital Planning Competition

Dear Ralph:

Thank you for your letter of March 11, 1976. I find your comments very interesting and certainly exactly the opposite of my personal feelings and most chapter members on this issue. I am enclosing a copy of the statement mailed to the Capital Site Selection Committee which more completely outlines the AIA's position on this.

For your information, it is the large "monolithic architectural offices" who violently oppose the competition idea. Each of them feel they have the forces necessary to obtain the job for themselves regardless of talent. It is the small Alaska Chapter firms who adamantly supported the resolution of the AIA. Should one of the large firms get the planning study, you can rest assured that most of the work will be done out of the state. If the competition is held there is at least a chance an Alaska resident firm will be the successful entry.

I hope this answers some of your concerns.

Sincerely,

  
Michael E. Plunkett A.I.A.

MEP/bc

Enc.

PLEASE REPLY TO: 505 W. Northern Lights Blvd.  
Anchorage, AK 99503

# ALASKA CHAPTER THE AMERICAN INSTITUTE OF ARCHITECTS

December 22, 1975

Capital Site Selection Committee  
830 H Street, Suite 209  
Anchorage, AK 99501

Ladies and Gentlemen:

In response to our proposal that the comprehensive planning for Alaska's new capital be determined by means of an international design competition, you have asked that we respond to the following points:

1. Reasons for holding a design competition.
2. Content of such a competition.
3. Administration of the competition.
4. Examples of similar projects that have benefited from the competition method of design selection.
5. The time frame required to hold such a competition.

The principal reason for holding a competition is that a wealth of creative thought and design talent will be focused on Alaska's capital planning project—a securing of the best and most advanced thinking at a fraction of the true cost. A selection based on a test of architectural and planning excellence is certainly in the public interest. Perhaps this will be the last new capital city built in the United States. We must look at the brightest and the best before choosing a scheme. Such a competition will attract worldwide attention and publicity.

From the public view an open competition provides the greatest protection against the selection of a planning and design team based on improper influences or favoritism. A public body can free itself of suspicions of political favoritism or conflict of interest through following the

PRESIDENT John Corrage AIA  
329 F Street  
Anchorage AK 99501

VICE PRESIDENT Michael L. Prineas AIA  
705 W. 11th Street  
Anchorage AK 99501

SECRETARY/TREASURER  
John Corrage AIA  
329 F Street  
Anchorage AK 99501

DIRECTOR Edward J. Smith AIA  
517A Bldg. 4100  
Anchorage AK 99501

DIRECTOR Jim Bruce AIA  
P.O. Box 1370  
Anchorage AK 99501

DIRECTOR Douglas Akroy AIA  
Box 310  
Juneau AK 99801

CHAIRMAN ANCHORAGE SECTION Lloyd E. Washburn  
3850 F Street  
Anchorage AK 99601

CHAIRMAN FAIRBANKS SECTION  
1125 Main Street  
Fairbanks AK 99701

CHAIRMAN JUNEAU SECTION  
P.O. Box 1000  
Juneau AK 99801

DIRECTOR NW REGION A. B. Liberman AIA  
200 Park Building  
Portland Ore 97204

DIRECTOR NW REGION  
Virginia Osipoff AIA  
1213 Ward Avenue  
Honolulu HI 96814

December 22, 1975

Page Two

competition method. From the professional view the outstanding advantage of competitions lies in the encouragement offered to good design, and the possibility for the emergence and development of new creative talent and ideas. A competition provides stimulus and challenges the design and planning professions to an intensified search for quality. Further, the public enthusiasm and support for improvement in our physical environment that may be generated by the publication of fresh and exciting competition designs is to the public benefit.

The scope of a design competition is really dependent upon the sponsor's wishes. Perhaps the State should consider a two-stage competition with the first stage devoted to the overall comprehensive scheme of the capital city with only sketchy attention to the state governments' space requirements. From this first stage, five or six entrants would be selected to compete in a second stage, in which elements of the capital would be more specifically defined. The "ideas" competition described in the enclosed Regulations for International Competitions is probably the best outline of the competition's scope currently available.

The administration of the competition could be by a professional advisor employed for the purpose by the sponsor (see Page 3 of the enclosed AIA Code for Architectural Design Competitions and the enclosed Regulations for International Competitions).

Australia and Brazil held competitions for the designs of their new capitals, Canberra and Brasilia, the former an international competition, the latter a national competition. Many U. S. state capitals have been done by competition, perhaps more than half, most during the 19th century, but two, Nebraska and Oregon, during the 20th century.

From the time a decision is made to hold a competition to the announcement of a winner could be accomplished in nine months for the first stage competition and an additional four to five months if a second stage were included. A suggested timetable is included in the appendices.

Although we are aware of increased administrative problems inherent in an international competition, communications problems, customs problems, etc., we have recommended that the State consider holding an international competition because we feel that in so doing Alaska would be availing herself of the best design thought and talent that the world has to offer. A proposed cost breakdown for a proposed one stage and two stage competition is also included. Prize

Capital Site Selection Committee

January 22, 1975

Page Three

money could be donated by interested parties. Entry fees could be increased to offset costs.

The Alaska Chapter, AIA with full support from the Institute will be happy not only to assist the State in further exploration of the possibilities for holding a capital design competition, but also to assist the State in the development of the competition should that be the course chosen. The chapter has prepared a slide presentation illustrating the many types of planning possibilities afforded by a competition along with implementation data for presentation to interested parties. We would appreciate a few minutes of your time for a formal graphic presentation.

Sincerely,

*Michael E. Blunkett*

Michael E. Blunkett, President  
Alaska Chapter,  
The American Institute of Architects

MEP/bc

Encs.

## APPENDIX A

### Preliminary Timetable Capital City Design Competition Prepared December 1975

- |                       |  |
|-----------------------|--|
| January 1976          | Introduce Design Competition Bill to Alaska State Legislature with budget  |
| January-May 1976      | Obtain competition approval from American Institute of Planners, American Institute of Architects, International Union of Architects |
| June 1976             | Legislative and Executive Branch approval, appoint Citizens Advisory Committee, select professional advisor                          |
| July 1976             | Develop competition guidelines, compile site information for alternative sites, formulate program, select jury                       |
| August-September 1976 | Preliminary announcement, establish prize money amounts, set detailed dates, obtain final approval from professional societies       |
| October 1976          | Complete program, schedule, advertise  |
| November 1976         | Receive requests for program, bond issue, print program for specific site, mail program  |
| February 1977         | Phase One submittal due, jury convenes, finalists selected and announced, critique made of town plan schemes                         |
| May 1977              | Final submittal due, jury convenes, winner selected, critique made, design implementation commences, prizes awarded                  |

APPENDIX B

Preliminary Cost Estimate  
 Capital City Design Competition  
 Prepared December 1975

Revenues

Preliminary Entry Fee	2,000 @ \$25.00 each	\$ 50,000.
Final Entry Fee	1,000 @ 25.00 each	25,000
Total Revenues		<u>\$ 75,000</u>

Expenses

Professional Advisor and Consultants		
10 months @ \$4,000/month		\$ 40,000
Printing, Graphic Design and Postage		
Advertisement	\$3,000	
Program	5,000	
Addenda	1,000	
Announcement	1,000	
Total	<u>10,000</u>	10,000
Transportation and Per Diem		20,000
Jurors Honorarium		5,000
Second Stage Compensation		50,000
Awards		50,000
Total Expenses		<u>\$175,000</u>
Contingency		\$ 25,000
Total Cost		\$200,000
Additional Funds Required		\$125,000

RALPH C. GREGORY ARCHITECT

March 11, 1976

Mr. Michael E. Plunkett AIA  
President  
Alaska Chapter  
The American Institute of Architects  
505 W. Northern Lights  
Anchorage, Alaska 99503

Dear Mike:

I read with interest your letter to the "Daily News" regarding HB 801 relating the the development of the new Capitol site.

Your comments illustrate again and more forcibly how completely the practice of architecture in Alaska has been dominated by the monolithic international architectural offices controlled by forces outside of Alaska and without concern for the people of the State. An international competition as proposed by the Alaska Chapter A.I.A. would take the development of a Capitol site out of the hands of those of us who must continue to live with it and place it into the hands of giant design conglomerates who have very minimal concerns for Alaskan values and even less interest in the cost to Alaskan taxpayers.

Considering that the latest projected construction costs for the new site run in excess of Three Billion Dollars, it would appear at this point a new state capitol site is a luxury that the population of the State (those of us who intend to stay on after the boom has bust) are neither interested in nor can afford. I would respectfully suggest that the Alaska Chapter A.I.A. concern itself with the ethical practice of the profession within the State and remove itself from the arena of abject servitude to the multi-national parent architectural firms which will be interested in Alaska only to the extent of the profits they can derive from their conquest of the State.

Sincerely,

RALPH C. GREGORY, ARCHITECT  
RCG/j

BOX 1853 KETCHIKAN, ALASKA 99901

**EDITOR, Daily News:**  
**SUBJECT: House Bill 801—An  
Act Relating to the Capital Site  
Development Authority**

The Alaska Chapter of the American Institute of Architects has received copies of HB 801. The bill has been reviewed and we feel that it is basically an excellent piece of legislation.

As stated in our letter of February 11, 1976, the Alaska Chapter of A.I.A. is endorsing the concept of an international competition for the planning of the capital city. As stated in that letter, we would appreciate any endorsement or inclusion of language to provide for such a competition in some form under HB 801.

The current bill calls for the authority to "conduct contests for building designs." We feel, however, that the competition for the planning of the city will be of the greatest benefit for Alaska. This fact is best illustrated by the Australia capital of Canberra. The low density accomplished through the competition's winning scheme is the key element of Canberra's social and environmental success. The A.I.A. has prepared a ten minute slide presentation illustrating the many potential types of city plans and concepts possible for any site. Concepts which can be explored only by a competition. We would be pleased to present these slides at any public hearings that might be scheduled.

Any questions you might have can be directed to this office or Frank Maier. Mr. Maier's address and telephone number are: Rt. 5, Box 5538, Juneau, AK 99803. 789-9229.

Your assistance is very much appreciated in this matter of importance to all Alaskans.

Sincerely,  
**MICHAEL E. PLUNKETT**  
A.I.A. President  
Alaska Chapter A.I.A.

HB 801

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

February 24, 1976

The Honorable Joseph McKinnon  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: House Bill No. 801

Dear Mr. McKinnon:

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Sec. 44.58.230 of the proposed legislation appearing on pages 13 and 14 of the Bill provides as follows:

"QUARTERLY AUDIT. The authority shall provide for a quarterly audit of the accounts and financial transactions of the authority by the audit division of the Department of Revenue. Copies of the audit shall be furnished to the legislature within 10 days of each audit."

For the consideration of the House State Affairs Committee, I am enclosing a Fiscal Note and accompanying memorandum prepared by Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning the Quarterly Audits to be performed by the Audit Division of the Department of Revenue.

If you or any members of the House State Affairs Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Jenkins for further information or testimony at a hearing.

Very truly yours,

R. D. Stevenson  
Special Assistant

Enclosure

The Honorable Joseph McKinnon

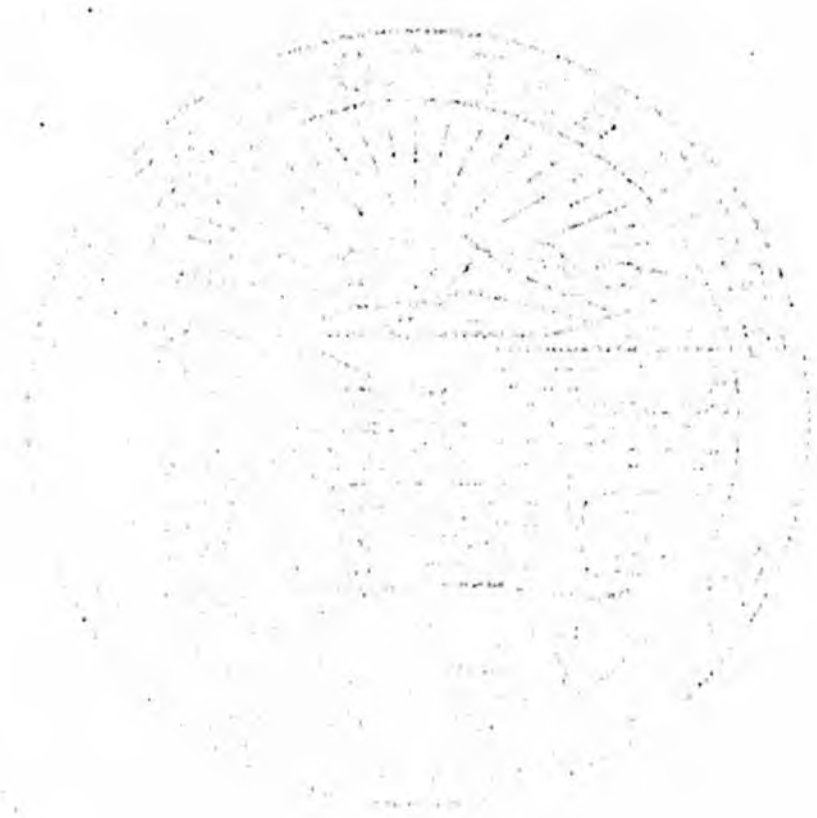
-2-

February 24, 1976

cc: The Honorable Terry Gardiner  
Chairman  
House Judiciary Committee

The Honorable Theodore Smith  
Prime Sponsor  
House Bill No. 301

Gary L. Jenkins  
Director, Audit Division  
Department of Revenue



# MEMORANDUM

# State of Alaska

TO: R. D. Stevenson  
Assistant to the Commissioner  
Department of Revenue

DATE: February 23, 1976

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: House Bill 801

This bill would establish a capital site development authority whose prime responsibility would be the development of the new proposed capital site. Among the other provisions of this bill, Section 44.58.230 provides for a quarterly audit of the accounts and transactions of the authority which is to be performed by the Audit Division of the Department of Revenue. The language further provides that copies of the audit shall be furnished to the Legislature within ten days of each audit.

There are two major difficulties with this bill in our opinion. First of all, we are assigned the audit responsibilities for an agency which is totally out of the area in which we normally operate. Our audits have always been audits of taxpayer's records to insure that the proper amount of tax has been paid to the State of Alaska. It would seem far more logical to assign this audit function to either the State Internal Auditor, Legislative Audit or to provide for contracting with a professional accounting firm.

Further, the wording of the legislation concerns me for several reasons. First of all, it provides for a quarterly audit which is an inordinately high frequency if a full scale professional audit is to be undertaken. I would recommend instead that the language be modified to provide for a full scale audit on an annual basis with the auditors to perform either a semi-annual or, if deemed necessary, a quarterly review of the accounting records of the authority.

Secondly, the law does not define how extensive of an audit is expected. Perhaps the language could be modified as to specify exactly what is expected of the auditors.

Thirdly, the provision that copies of the audit will be furnished to the Legislature within ten days of each audit, if taken literally, would mean that once the field work was completed, the audit would have to be completed and sent to the Legislature within ten days. It is my experience that on a complete indepth professional audit, the write-up time could take from six to eight weeks after completion of the field work. Thus, I would suggest that the language in the bill be changed to read "copies of the audit shall be furnished to the Legislature within ten days of the completion of each audit."

GLJ/bjm

Attachment