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COMMITTEE REPORT
SENATE

FURTHER: Finance

1/15/81

Date: 2/12/81

Mr. President:

The Committee on STATE AFFAIRS has had SB 86
expenditure of state money

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 86 same title
 new title
- and recommends DO PASS
- And attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]

[Signature]
 CHAIRMAN



Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

FEB. 13, 1981

SENATE STATE AFFAIRS COMMITTEE REPORT

ON

CSSB 86 ENTITLED "AN ACT RELATING TO EXPENDITURE OF STATE MONEY FOR RELOCATION OF THE STATE CAPITAL, AND AMENDING THE LAW ADDED BY THE INITIATIVE POPULARLY KNOWN AS THE 'FRANK INITIATIVE'; AND PROVIDING FOR AN EFFECTIVE DATE."

BILL SUMMARY

The Committee Substitute for Senate Bill 86 would amend AS 44.06.196, popularly known as the "FRANK Initiative", in the following ways:

- 1) It specifies that the proposition that must be put before the voters prior to any expenditures for capital relocation would include all "bonded and appropriated" costs, rather than "bondable" costs;
- 2) The Legislature would determine the total cost to the state for the move; and
- 3) It removes the requirement that the new capital city be planned for a population of 30,000 people.

These amendments are necessary if the existing statutes for capital relocation are to be pursued.

BACKGROUND

In 1974 Alaskan voters approved an initiative to move the capital (AS 44.06.100 - 44.06.190). Two years later the same voters selected Willow as the new capital site. The New Capital Site Planning Commission was then established to plan the new city and to determine its cost (AS 44.06.200 - 44.06.260). By law the new capital city had to be designed for a population of 30,000 people. Using some of the best talent in the country, the New Capital Site Planning Commission completed its work in time to put a bond proposition before the voters in 1978. The bond proposition amounted to more than \$900,000,000 and the proposition was defeated.

At this same election in 1978, Alaskans approved what is popularly known as the "FRANK Initiative". This law required that before any state monies could be expended on the capital move, voters would have to approve the bondable costs of capital relocation. "Bondable costs" has since been interpreted to cover not just actual but all potential costs to the state, so that making realistic cost estimates has become virtually impossible.

PURPOSE OF COMMITTEE SUBSTITUTE SB 86

The committee feels that there has been an effective standoff on the capital relocation since the 1978 bond proposition. In view of the fact that Alaskans have voted for relocation, the standoff must be resolved.

The first step in resolving this issue is revising the "FRANK Initiative" to provide the basis for a workable solution. The committee substitute allows for a reasonable size capital move proposition to go before the voters. This proposition would allow the voters to vote on all actual projected costs of relocation by amending the term "bondable" to include all bonded and appropriated costs of relocation. This substitute also gives the Legislature the authority to determine the size and cost of the move. The Capital Site Planning Commission is not a practical vehicle for deciding the size and cost of the move, in that it is no longer a functioning body.

CSSB 86 maintains 1992 as the time to which costs of relocation are to be calculated, as in the original "FRANK Initiative"; SB 86 would have used 1986 for this purpose. In view of previous delays and projected schedules of site development, it is not likely that the Willow capital site would be first occupied until 1985 at the earliest, more likely not until 1986. Using a date prior to 1992 for cost calculations could readily leave the impression that only initial 1986 relocation costs would be subjected to voter approval, with higher costs being sneaked in immediately thereafter. Since the intent is to achieve a minimum cost move -- and to also be completely honest with the public -- full costs of capital relocation will be best reflected by using the 1992 date.

The State Affairs Committee is currently working on preparing legislation for the proposition to go before the voters. One

member of the committee questioned whether the proposition should give the comparative costs between maintaining the capital in Juneau versus the cost of moving to Willow. The committee is also analyzing all the alternatives, so that the move can have a minimal impact on Juneau. The intention of the committee is that this "FRANK Initiative" amendment would assure that a basis will exist for further action on "move legislation" during this session of the Legislature.

SECTION ANALYSIS

Section 1 amends AS 44.06.196 entitled "Capital Relocation Expenditures".

Lines 17 and 18 are amended to allow voters to vote on all bonded and appropriated costs of capital relocation. The existing law states that the voters must approve a bond issue of all bondable costs of relocation.

Lines 19, 20, and 21 state that the Legislature will determine all bonded and appropriated costs. The existing law states that the Capital Relocation Commission would determine the bondable costs to be voted on at an election.

In lines 27, 28, and 29 the language "having facilities equal to those provided by the present capital city and those required by the 1974 capital move initiative" has been deleted. This deletion removes the requirement that the new capital city be planned for a population of 30,000 people.

Original sponsors: Kerttula, Dankworth,
Stimson, et al

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 86 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to expenditure of state money for
7 relocation of the state capital, and amending the law
8 added by the initiative popularly known as the 'FRANK
9 Initiative'; and providing for an effective date."

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

11 * Section 1. AS 44.06.196 is amended to read:

12 Sec. 44.06.196. CAPITAL RELOCATION EXPENDITURES. State money may
13 be expended to relocate physically the present functions of the state
14 government, including but not limited to, the legislature, the gover-
15 nor's office and all offices of the heads of the principal departments
16 from their present location [only after a majority of those voting in a
17 statewide election have approved a proposition submitted to the voters
18 [BOND ISSUE] which includes all bonded and appropriated [BONDABLE]
19 costs of the relocation to the state through the year 1992 [, AS DETER-
20 MINED BY A COMMISSION CREATED BY THE LEGISLATURE TO PLAN THE RELOCA-
21 TION]. The state [IN DETERMINING THE BONDABLE COSTS TO THE STATE THE
22 COMMISSION] shall also determine the total costs to the state, including
23 [. THOSE COSTS SHALL INCLUDE], but not [BE] limited to, the costs of
24 moving personnel and offices to the relocation site; the social, eco-
25 nomic and environmental costs to the present and relocation sites; and,
26 the cost to the state of planning, building, furnishing, using and
27 financing a new capital city [HAVING FACILITIES EQUAL TO THOSE PROVIDED
28 BY THE PRESENT CAPITAL CITY AND THOSE REQUIRED BY THE 1974 CAPITAL MOVE
29 INITIATIVE].

1 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
2 070(c).

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

January 29, 1981

The Honorable Vic Fischer
Chairman
Senate State Affairs Committee
Room 205 - Behrends Building
Juneau, Alaska

Re: Senate Bill No. 86

Dear Senator Fischer:

Senate Bill No. 86, an Act relating to expenditure of state money, was introduced in the Senate on January 15, 1981 and was referred to the Senate State Affairs and Finance Committees.

For the consideration of the Senate State Affairs Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Thomas K. Williams, Commissioner of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: The Honorable Don Bennett
The Honorable M. F. Dankworth
Co-Chairmen
Senate Finance Committee

Thomas K. Williams
Commissioner
Department of Revenue

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 86

Title Act relating to expenditure of state money [for capital relocation]

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Revenue

Program Category Affected _____

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
	0	0	0	0	0	0

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE January 29, 1981

PREPARED BY *Thomas R. Allison*

AGENCY Revenue

Original: Legislative Finance

PHONE 465-2300

cc: Budget and Management

Prime Sponsor (First Legislator Named)



Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

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