

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

2/13/84

Date: 2-24-84

The Committee on FINANCE has had HB 648

"An Act relating to the definition of capital projects under the Executive Budget Act."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 648 (Fin) same title
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
2/21/84
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Robert P. Ludman

[Signature]

[Signature]

[Signature]

[Signature]

Robert P. Ludman
CHAIRMAN

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 648 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the definition of capital pro-
7 jects under the Executive Budget Act; and providing
8 for an effective date."

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

10 * Section 1. AS 37.07.120(4) is amended to read:

11 (4) "capital projects" and "capital improvements" mean an
12 allocation or appropriation item for an asset with an anticipated life
13 exceeding one year [AND A COST EXCEEDING \$25,000] and include land
14 acquisition, construction, structural improvement, engineering and
15 design for the project, and equipment and repair costs that exceed
16 \$15,000.

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST:

Bill/Resolution No.: HB 648
 Title: Relating to the definition of Capital Projects
 Sponsor: House Finance Comm
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: ALL
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Rep. Al Adams *BA* Phone: 465-3706
 Division: _____ Date: 2/21/84

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

Alaska State Legislature

House of Representatives

Al Adams
Chairman
Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320
1024 W. 6th
Anchorage, Alaska 99501
(907) 274-0615



Official Business

M E M O R A N D U M

TO: All Members
House Finance Committee

FROM: Al Adams *APA*
Chairman
House Finance Committee

DATE: February 22, 1984

SUBJ: HB 648

Last year the Legislature enacted an amendment to the Executive Budget Act defining the term 'capital project'. This was done for two reasons:

1. Over time the distinction between capital and operating budget items had become blurred. Operating items were frequently included in capital budgets thus obscuring the true costs of ongoing operating programs and avoiding legislative review.

2. The voter approved spending limit established different allocations for the capital and operating budgets.

The definition of 'capital project' passed by the House Finance Committee last year (See Attachment A) specified that equipment and repair costs that exceed \$50,000 be considered capital projects. The definition that finally passed the Legislature, however, (See Attachment B) reduced \$50,000 to \$25,000 and applied this dollar restriction not only to equipment and repair costs but to the remaining types of capital projects as well, i.e. land acquisition, construction, structural improvements, engineering and design. In retrospect, this language change appears unwise.

House Bill 648 amends the definition of 'capital project' to conform with the original definition passed by House Finance last year. A dollar limit is placed only on equipment and repair costs. In addition, the limit is reduced from \$25,000 to \$15,000.

Finally, this proposed amendment will alleviate the difficulty that members of the Legislature and the Administration are currently experiencing in developing the FY 85 capital budget.

APA/e1

Attachment A

1 governor [HE] shall accompany each proposal with a statement of the
2 reasons for it, including the reasons for its omission from the bud-
3 get.

4 * Sec. 14. AS 37.07.120 is amended by adding new paragraphs to read:

5 (7) "office" means the Alaska office of management and
6 budget established in the Office of the Governor by AS 44.19.141;

7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] and maintenance costs exceeding \$50,000.

11 * Sec. 15. AS 44.19.141 is amended to read:

12 ARTICLE 12. OFFICE OF MANAGEMENT AND BUDGET [DIVISION
13 OF POLICY DEVELOPMENT AND PLANNING].

14 Sec. 44.19.141. ALASKA OFFICE OF MANAGEMENT AND BUDGET [DIVISION
15 OF POLICY DEVELOPMENT AND PLANNING]. There is in the Office of the
16 Governor the Alaska office of management and budget [DIVISION OF
17 POLICY DEVELOPMENT AND PLANNING].

18 * Sec. 16. AS 44.19.142 is amended to read:

19 Sec. 44.19.142. DIRECTOR. The office of management and budget
20 [DIVISION OF POLICY DEVELOPMENT AND PLANNING] is administered by a di-
21 rector who is appointed by, and serves at the pleasure of, the gover-
22 nor.

23 * Sec. 17. AS 44.19.143 is amended to read:

24 Sec. 44.19.143. PERSONNEL. The director shall employ such per-
25 sonnel as may be necessary to carry out the provisions of AS 44.19.-
26 141 - 44.19.152 and the relevant provisions of AS 37.07.

27 * Sec. 18. AS 44.19.144(a) is amended to read:

28 (a) The director shall
29 (1) supervise and administer the activities of the office

Attachment B

1 judgment are necessary [ON ACCOUNT OF LAWS ENACTED AFTER THE TRANS-
2 MISSION OF THE BUDGET, OR ARE OTHERWISE IN THE PUBLIC INTEREST].
3 However, if the governor finds that an emergency situation necessi-
4 tates the proposal of supplemental or special appropriations, the
5 governor may transmit them to the legislature at any time. The gover-
6 nor [HE] shall accompany each proposal with a statement of the reasons
7 for it, including the reasons for its omission from the budget.

8 * Sec. 14. AS 37.07.120 is amended by adding new paragraphs to read:

9 (7) "office" means the Alaska office of management and
10 budget established in the Office of the Governor by AS 44.19.141;

11 (8) "capital projects and capital improvements" mean an
12 investment in property, equipment, or other tangible assets, the anticipated life
13 exceeding one year and a cost, excluding \$25,000 and interest
14 charges, of \$25,000 or more. It includes the cost of engineering and
15 design for the project, and equipment and repair costs.

16 * Sec. 15. AS 44.19.141 is amended to read:

17 ARTICLE 12. OFFICE OF MANAGEMENT AND BUDGET
18 [DIVISION OF POLICY DEVELOPMENT AND PLANNING].

19 Sec. 44.19.141. ALASKA OFFICE OF MANAGEMENT AND BUDGET [DIVISION
20 OF POLICY DEVELOPMENT AND PLANNING]. There is in the Office of the
21 Governor the Alaska office of management and budget [DIVISION OF
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Levy
2/22/84

Original sponsor: Finance Committee

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IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 648 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the definition of capital projects under the Executive Budget Act; and providing for an effective date."

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

* Section 1. AS 37.07.120(4) is amended to read:

(4) "capital projects" and "capital improvements" mean an allocation or appropriation item for an asset with an anticipated life exceeding one year [AND A COST EXCEEDING \$25,000] and include land acquisition, construction, structural improvement, engineering and design for the project, and equipment and repair costs that exceed \$15,000.

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

Introduced: 2/13/84
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

HOUSE BILL NO. 648

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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