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**COMMITTEE REPORT**  
**SENATE**

FURTHER: \_\_\_\_\_

Date 2/15/1917

Mr. President

The Committee on FINANCIAL considered CS 104

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chairman recommendation

# Alaska State Legislature

## House of Representatives



Official Business

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

### M E M O R A N D U M

TO: All Members  
House Finance Committee

FROM: Al Adams  
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/el

# 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                (8) "capital projects" and "capital improvements" mean an  
8        allocation or appropriation item for land acquisition, construction,  
9        or structural improvement including engineering and design for the  
10       project and equipment 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 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.

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  
22 POLICY DEVELOPMENT AND PLANNING].

23 \* Sec. 16. AS 44.19.142 is amended to read:

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

28 \* Sec. 17. AS 44.19.143 is amended to read:

29 Sec. 44.19.143. PERSONNEL. The director shall employ such

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
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-				
<b>CAPITAL</b>		-0-				
<b>REVENUE</b>		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-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 *AA* 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

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  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

Robert P. Adams

Jan Samson

Terry Martin

Frank J. Z. [unclear]

J. D. [unclear]

[unclear]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING

OTHER RECOMMENDATIONS:

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\_\_\_\_\_

Robert P. Adams  
CHAIRMAN