

HOUSE
COMMITTEE REPORT

4/17

(7)
Date referred: 1/24/86

FURTHER REFERRALS: FINANCE

DATE: _____

The TRANSPORTATION Committee has considered HB 505

"An Act eliminating the working capital fund; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 505 (TRSP) same title
- new title

and recommends Report

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note w/analysis Sup 118

SIGNING DO PASS: First

SIGNING OTHER RECOMMENDATIONS:

Butler Cato

W. Furnace

Butler Cato
Chairman

Offered: 4/17/86
Referred: Finance

*First 3/20/86
w/analyses
Sup 118*

Clark

Original sponsor: Rules/Legislative Budget
and Audit Committee

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE BILL NO. 505 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to state vehicles and equipment;
7 eliminating the working capital fund; and providing
8 for an effective date."

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

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19 and equipment fund. A depreciation calculation for a vehicle may not
20 exceed 100 percent of its expected replacement cost.

21 * Sec. 4. AS 44.42.020(a)(11) and AS 44.74.010 - 44.74.060 are re-
22 pealed.

23 * Sec. 5. This Act takes effect July 1, 1986.
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cook

Introduced: 1/24/86
Referred: Transportation
and Finance

BY THE RULES COMMITTEE
BY REQUEST OF
THE LEGISLATIVE BUDGET
AND AUDIT COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 505

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act eliminating the working capital fund; and
7 providing for an effective date."

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

9 * Section 1. AS 44.74.010 - 44.74.060 is repealed.

10 * Sec. 2. This Act takes effect July 1, 1987.

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4/17 2011/14

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST Page 1 of 2

FISCAL DETAIL

Bill/Resolution No.: CS HB 505 (Trsp)
 Title: State Vehicles & Equipment;
Eliminate HWCF

Agency Affected: DOT&PF
 BRU: _____

Sponsor: Pignalberi
 Requestor: Cato
 Date of Request: 4-15-86

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |

| | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
|---------|-----|-----|-----|-----|-----|-----|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

See attached analysis

Prepared by: Daniel F. Malick, Director
 Division: Management & Finance

Phone: 465-3911
 Date: 4-15-86

Approved by Commissioner: R. S. Knapp
 Agency: DOT&PF

Date: 4/15/86

Distribution (by Agency preparing fiscal note):

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

The Department of Transportation and Public Facilities has developed a fiscal note based upon the following assumption:

1. While the Highway Working Capital Fund is eliminated, the department expects there to be no dramatic changes in user agency attitude with respect to vehicle assignment.

2. Even though not specifically required by HB 505, the department will continue to operate State Equipment personnel and bill for maintenance and operations services, and set rates.

3. With the elimination of the Highway Working Capital Fund, alternative administrative procedures will be utilized to accomplish the same fiscal transactions.

HB 505 as currently written would eliminate the need for the State Equipment Fleet to coordinate annually with each user agency a fixed fee payment. In addition, the State Equipment Fleet would have to make arrangements for user agencies to reimburse the State Equipment Fleet for maintenance and operations through individually negotiated RSA agreements. While the department believes that staff requirements will be reduced in the case of the fixed fee billings now eliminated, an increase in staff requirements would be necessary to accomplish the useage rate billings and accounting. We believe these are counter-balancing impacts yeilding a net zero.

The department however believes that there are other assumptions that should be considered. It is likely that a number of current users of State Equipment "wet" vehicles (fixed and useage fees), a number of these users will decide to not take these vehicles to State Equipment Fleet equipment shops and instead contract directly with the private sector. In anticipation for lower costs for this approach, user agencies may reduce their operating budgets to levels below what they are currently able to budget for "wet" useage rates. This will generate a near term operating budget decrease. However, this deferred maintenance which will be responded to with improperly maintained vehicles in some instances and increased cost to the state over the life of the vehicle either in increased operating costs or reduced vehicle life. It is the department's belief that reduced maintenance (deferred maintenance) has a higher life cycle cost to the state for a particular vehicle than the current policy of ongoing preventative maintenance. Thus, though the impact of the bill may be operating budget reductions in the initial years, over the life of the vehicles, (5 to 15 years) total cost to the state will increase.

While it is difficult at this time to estimate the percentage of users who would elect to defer maintenance, it would be very difficult to estimate in dollar terms the net increase in the life cycle cost of the fleet of vehicles which have had their maintenance deferred. However, current useage rates total for all vehicles to 50 million dollars, a ten percent increase in the life cycle cost of the vehicle for 10 years would approximate 15 million dollars. Thus, the deferred maintenance which could be encouraged by the passage of this bill has a large fiscal impact on the state.

ALASKA STATE LEGISLATURE

14th Legislature SECOND Session

HOUSE BILL..... NO. 505.

By RULES BY REQUEST OF THE...
LEGISLATIVE BUDGET AND AUDIT
COMMITTEE

"An Act eliminating the working
capital fund; and providing for
an effective date."

eliminating capital fund

Introduced in the House 1/24...., 19. 86

HISTORY IN THE HOUSE

| | | | | | | | | | | | |
|--------------------------|---|------|----------------|------|------|------|------|--------|--------|---------|---------|
| 1986 | Read first time and referred to Committee on | | | | | | | | | | |
| Jan 24 | TRSP AND FINANCE | | | | | | | | | | |
| | Reported back with recommendation that | | | | | | | | | | |
| | Read second time and | | | | | | | | | | |
| | Read third time and | | | | | | | | | | |
| | <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused |
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| Nays | Nays | | | | | | | | | | |
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| Nays | Nays | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | |
| | Reported correctly engrossed | | | | | | | | | | |
| | Signed by Speaker | | | | | | | | | | |
| | Sent to Senate | | | | | | | | | | |
| CHIEF CLERK OF THE HOUSE | | | | | | | | | | | |

HISTORY IN THE SENATE

| | | | | | | | | | | | |
|-------------------------|---|------|----------------|------|------|------|------|--------|--------|---------|---------|
| 19 | Read first time and referred to Committee on | | | | | | | | | | |
| | Reported back with recommendation that | | | | | | | | | | |
| | Read second time and | | | | | | | | | | |
| | Read third time and | | | | | | | | | | |
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| Nays | Nays | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | |
| | Reported correctly engrossed | | | | | | | | | | |
| | Signed by President | | | | | | | | | | |
| | Returned to House | | | | | | | | | | |
| SECRETARY OF THE SENATE | | | | | | | | | | | |

HISTORY IN THE HOUSE

| | |
|----|--|
| 19 | Received from Senate |
| | Concurred in Senate amendment thus adopting: VOTE |
| | Failed to concur in Senate amendment; asked Senate to recede VOTE |
| | Senate receded from amendment VOTE |
| | Senate failed to recede from amendment VOTE |
| | CC appointed by House |
| | CC appointed by Senate |
| | CC adopted by House VOTE |
| | CC adopted by Senate VOTE |
| | To enrolling Reported correctly enrolled Sent to Governor |
| | by Governor |
| | Filed with Lt. Governor |
| | Chapter No. |

Offered: 4/17/86
Referred: Finance

Original sponsor: Rules/Legislative Budget
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