

SB

204

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3/26/87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)
3/20/87

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE _____ Committee considered _____ SB 204

repealing and lapsing certain pre-1984 capital appropriations; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup Attached

Introduced: 3/20/87
Referred: Finance

5-0923B

BY HALFORD, FAIKS, BENNETT,
FISCHER, UEHLING, ABOOD,
KELLY, ELIASON, COGHILL,
STURGULEWSKI, RODEY,
JOSEPHSON, KERTTULA, SZYMANSKI
AND ZHAROFF

1 IN THE SENATE

2 SENATE BILL NO. 204

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing and lapsing certain pre-1984 capi-
7 tal appropriations; and providing for an effective
8 date."

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

10 * Section 1. The unexpended and unobligated balance of each appropri-
11 ation for a capital project made before January 1, 1984, whether in the
12 form of a direct appropriation to a state agency or a grant to a municipal-
13 ity, unincorporated community, or named recipient, but not including appro-
14 priations made in an Act authorizing general obligation bonds, is repealed
15 and lapsed into the general fund.

16 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
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ALASKA STATE LEGISLATURE

15th Legislature **1st** Session

SENATE **BILL** NO. **204**

By **HALFORD, FAIKS, BENNETT, FISCHER, UEHLING, ABOOD, KELLY, ELIASON, COGHILL, STURGULEWSKI, RODEY, JOSEPHSON, KERTTULA, SZYMANSKI, ZHAROFF**

"An Act repealing and lapsing certain pre-1984 capital appropriations; and providing for an effective date."

Introduced in the Senate **3/20**, 19 **87**...

HISTORY IN THE SENATE

19 **87**

3 **20**

Read first time and referred to Committee on

Finance
Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration
Reconsideration not taken up

PASSED	Effective Date
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Chapter No.

Filed with Lt. Governor

POSITION PAPER

SB 204

APR 23 1987

LEGISLATIVE FINANCE

SB 204 is a legislative attempt to remove inactive grants from the lists and return unused funds to the General Fund by lapsing all "unexpended and unobligated" balances.

The Department of Administration administers the Municipal Grants Program which is impacted by this legislation. The resulting purge of stale projects would eliminate administrative functions currently performed on nonactive grants. The closing of the nonactive grants would also return unobligated general funds to the state. However, the language used in this bill creates certain dilemmas for the Municipal Grants Program. These are specifically addressed below:

1. "Unobligated"

- A. When a project commences, funds are obligated for contracts for supplies, materials, etc. However, in order to complete the project, "unobligated" funds are used for municipal labor and miscellaneous administrative expenses. These expenditures are necessary to complete the project but by the nature of the use, are not encumbered, thus are "unobligated." Repeal of "unobligated" funds in this situation could result in uncompleted projects, essentially a waste of all expended funds.
- B. Although January 1, 1984, was three years ago, some projects have been pending or deferred due to required studies such as Environmental Impact Studies or disputed contract awards. Repeal of the funds in these cases will eliminate the project.

2. "Immediate effective date"

- A. An immediate effective date for repeal of funds is not consistent with the original grant agreements which allowed five years to "begin substantial ongoing work."
- B. Imposing an arbitrary but specific date by which funds should be obligated or repealed will create a "spending frenzy."

The Department of Administration recommends an approach to lapsing capital projects and continuing grant balances based on

1. Length of time since the original appropriation.
2. Absence of activity in connection with a project for more than one year.

For example: A project could be scheduled to lapse five years after the original appropriation provided there has been no activity recorded over the past year. If activity has been recorded during the past year, the project

POSITION PAPER

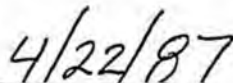
SB 204

would not lapse until a one-year period passes without financial activity being recorded.

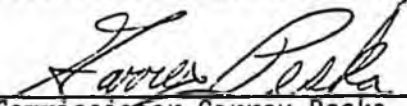
The Department of Administration favors the legislative intent of returning nonactive, unobligated funds to the state, but because of the language used, must adopt a neutral stance on this proposed legislation.



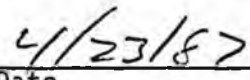
Gary Bader, Director
Division of Administrative Services



Date



Commissioner Garrey Peska
Department of Administration



Date