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SENATE COMMITTEE REPORT

No Action taken by SFC

FURTHER

5/4/8

DATE TURNED INTO OFFICE _____

Mr. President:

Finance

CSHB 87 (FIN) am

Committee considered _____

state budget and to long-term financial plans for the state; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

- FISCAL NOTE(S)** zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chair: _____ signature and recommendation

Committee Backup attached

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 87 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the state budget and to long-term
7 financial plans for the state; and providing for an
8 effective date."

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

10 * Section 1. AS 37.07.020(b) is amended to read:

11 (b) In addition to the budget and general appropriation bill,
12 the governor shall submit a long-term [CAPITAL IMPROVEMENTS PROGRAM
13 AND] financial plan. The long-term financial plan must include esti-
14 mates of expenditures, estimates of annual revenue from all sources,
15 and recommendations for sources of revenue. The long-term financial
16 plan must include projections of estimated expenditures covering the
17 six succeeding [SIX] fiscal years and projections of revenue for the
18 10 succeeding fiscal years.

19 * Sec. 2. AS 37.07.020(c) is amended to read:

20 (c) Proposed expenditures may not exceed estimated revenue for
21 the succeeding fiscal year. The expenditures proposed in the long-
22 term [SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM AND] financial plan may
23 not exceed the estimated revenue and bond authorizations passed and
24 proposed.

25 * Sec. 3. AS 37.07.030 is amended to read:

26 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-
27 lature shall

28 (1) provide for a budget review function;

29 (2) analyze the comprehensive operating and capital im-
H

1 improvements programs and long-term financial plan [PLANS] recommended
2 by the governor;

3 (3) adopt legislation to authorize implementation of the
4 governor's comprehensive operating and capital improvements budget
5 [PROGRAMS AND FINANCIAL PLANS] or appropriate alternatives to that
6 budget [THOSE PLANS];

7 (4) provide for a post-audit function to cover financial
8 transactions, program accomplishment, and compliance with legislative
9 intent;

10 (5) adopt or revise the estimate of receipts required to
11 balance the succeeding fiscal year's budget in order that proposed
12 expenditures do not exceed estimated receipts for that fiscal year;

13 (6) adopt, revise, or initiate revenue measures in order to
14 balance the succeeding fiscal year's budget and the capital improve-
15 ments section of the budget for the succeeding six years;

16 (7) adopt or revise the long-term financial plan annually
17 submitted by the governor.

18 * Sec. 4. AS 37.07.060 is amended to read:

19 Sec. 37.07.060. GOVERNOR'S RECOMMENDATION. (a) The governor
20 shall formulate the long-term [OPERATING AND CAPITAL IMPROVEMENTS
21 PROGRAMS AND] financial plan [PLANS] required to be recommended to the
22 legislature by AS 37.07.020 after considering the state agency pro-
23 posed program and financial plan [PLANS], and other programs and
24 alternatives that the governor considers appropriate. The plan
25 [PLANS] must include the governor's recommended goals and policies,
26 recommended plans to implement the goals and policies, recommended
27 operating and capital improvement program for the succeeding six
28 fiscal [YEAR, RECOMMENDED CAPITAL IMPROVEMENTS PROGRAM FOR THE SUC-
29 CEEDING SIX FISCAL] years, recommended programs for the upgrading of

1 public buildings and facilities prepared in accordance with AS 35.10.-
2 015, and recommended revenue measures to support the programs.

3 (b) The governor shall present the proposed budget [COMPRE-
4 HENSIVE OPERATING AND CAPITAL IMPROVEMENTS PROGRAMS] and long-term
5 financial plan [PLANS] in a message to a joint session of the legisla-
6 ture before the fourth legislative day following the convening of the
7 legislature in regular session. The message must be accompanied by an
8 explanatory report that summarizes recommended goals, plans, and
9 appropriations. The report must contain

10 (1) the coordinated program goals and objectives that the
11 governor recommends to guide the decisions on the proposed program
12 plans and budget appropriations;

13 (2) the governor's operating program and budget recommenda-
14 tions for the succeeding fiscal year organized by agency as required
15 by AS 37.07.020(a);

16 (3) the governor's capital improvements program and budget
17 recommendations for the six succeeding fiscal [YEAR AND CAPITAL IM-
18 PROVEMENTS PROGRAM FOR THE SUCCEEDING SIX FISCAL] years, that [WHICH,
19 must include

20 (A) a description of each project, the estimated
21 annual maintenance and operation costs for the useful life of the
22 project, its estimated cost for the year construction is to start
23 and the estimated cost of the project adjusted for inflation over
24 the estimated period of construction, and the source of financing
25 for the project; the project description for a new building or a
26 new facility or for a major addition to a building or facility
27 should include a site plan, preliminary drawings, and architect's
28 or engineer's total cost estimate for the project;

29 (B) a summary of projects previously authorized and

1 not yet completed;

2 (C) a summary, listed by agency, of all previously
3 proposed projects that have been deferred beyond the period [SIX
4 YEARS] covered by the plan and the year in which construction has
5 been rescheduled to begin;

6 (D) a forecast of the debt structure of the state and
7 the various debt ratios over the life of the state's bonds out-
8 standing, bonds authorized and to be issued, and bond authoriza-
9 tions recommended in the plan;

10 (E) a description of additional revenue measures
11 needed to finance the plan in lieu of debt;

12 (F) bond election bills to authorize the bonds re-
13 quired to fund the projects scheduled for the first three years
14 of the plan;

15 (G) projections of population of the state and its
16 regions and communities;

17 (H) economic data and projections necessary for the
18 evaluation of the plan;

19 (4) a summary of state receipts in the last fiscal year, a
20 revised estimate for the current fiscal year, and an estimate for the
21 succeeding fiscal year;

22 (5) a summary of expenditures during the last fiscal year,
23 those authorized for the current fiscal year, and an estimate for the
24 succeeding fiscal year;

25 (6) any additional information that will facilitate under-
26 standing of the governor's proposed programs and long-term financial
27 plan [PLANS] by the legislature and the public.

28 * Sec. 5. AS 37.07.070 is amended to read:

29 Sec. 37.07.070. LEGISLATIVE REVIEW. The legislature shall

1 consider the governor's proposed long-term [COMPREHENSIVE OPERATING
2 AND CAPITAL IMPROVEMENTS PROGRAMS AND] financial plan [PLANS], evalu-
3 ate alternatives to the plan [PLANS], make program selections among
4 the various alternatives and determine, subject to available revenues
5 the level of funding required to support authorized state services.
6 The operating and capital budgets of each agency shall be separately
7 reviewed. During each regular session of the legislature, legislative
8 review of the governor's supplemental appropriation bills and the
9 governor's budget amendments shall be governed by the following time
10 limits:

11 (1) requests [REQUESTS] by the governor for supplemental
12 appropriations for state agency operating and capital budgets for the
13 current fiscal year may be introduced by the rules committee only
14 through the 30th legislative day; [.]

15 (2) requests [REQUESTS] by the governor for budget amend-
16 ments to state agency budgets for the budget fiscal year may be re-
17 ceived and reviewed by the finance committees only through the 60th
18 legislative day.

19 * Sec. 6. This Act takes effect July 1, 1989.
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STEVE COWPER
GOVERNOR



cc
JHB 87

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 17, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill requiring the governor to formulate a long-term financial plan for the state. In my State of the State address I said that I would be introducing a bill to formally establish a long-term financial planning process for the state. This process would require us to look forward five fiscal years in formulating the state budget. It would also require the governor to develop and present annual revenue projections for the succeeding 20 fiscal years. Through this process, I hope that we will be able to divert our attention from short-term solutions and develop a stable long-term plan for financing the public services provided by the state.

I urge your favorable action on this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper".

Steve Cowper
Governor

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of Governor
 Title: Gov. formulate/submit long-term
financial plan for state BRU: _____
 Sponsor: Rules Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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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)

Prepared by: Alison M. Elmer, Director Phone: 465-3568
 Division: Budget Review Date: 1/13/89

Approved by Commissioner: James P. Cook Date: 1/14/89
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)