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SENATE COMMITTEE REPORT

FURTHER

4/4/89

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 237

lapsing of appropriations for capital projects

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 _____

*Hearing 4-25-89
Bill died in committee.*

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

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

b
6-0859 H

Date of 5-DAY NOTICE 3-30-89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN ✓

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 4-3-89

3/23/89

Mr. President:

STATE AFFAIRS

Committee considered

SB 237

lapsing of appropriations for capital projects

and recommended:

- replace with CS SB 237 (st aff) same title
- attached amendment(s) and new title
- + majority does
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

BFK

CS fiscal note coming

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Ladd
Tim Kelly

Jan Ladd
Chair ~~signature~~ signature and recommendation

Committee backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to the lapsing of appropriations for capital projects. BRU: Finance
 Sponsor: Pourchot, Adams, et al. Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to Finance assuming AKSAS can be used for reporting requirements, and computer reports are adequate for analysis required.

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2240
 Division: Finance Date: 4/6/89
 Approved by Commissioner: John M. Andrews *JM Andrews* Date: 4/5/89
 Agency: Department of Administration

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

Offered: 4/4/89
Referred: Finance

6-0859H

Original sponsors: Pourchot, Adams,
Halford, et al.

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 237 (State Affairs)

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 lapsing of appropriations for
7 capital projects."

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

9 * Section 1. AS 37.25.020 is amended to read:

10 Sec. 37.25.020. UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL
11 PROJECTS. An appropriation made for a capital project is valid for
12 the life of the project and the unexpended balance may [SHALL] be
13 carried forward to subsequent fiscal years. Unless a statement has
14 been filed under (c) of this section during the preceding fiscal year,
15 during July [BETWEEN JULY 1 AND AUGUST 31] of each fiscal year, a
16 statement supporting the amount of the unexpended balance required to
17 complete the projects for which the initial appropriation was made and
18 the amount that may be lapsed shall be recorded with the Department of
19 Administration.

20 * Sec. 2. AS 37.25.020 is amended by adding new subsections to read:

21 (b) The agency responsible for administering a capital appro-
22 priation shall file the report required under (a) of this section.
23 The amount set out in the report as available for lapsing lapses upon
24 certification under (e) of this section.

25 (c) Within 30 days after the end of a month in which a capital
26 project is completed or abandoned, the agency responsible for admin-
27 istration of the appropriation for that project shall file a statement
28 with the Department of Administration stating that the project has
29 been completed or abandoned and stating the amount of the unexpended

1 and unobligated balance of the appropriation that may be lapsed. The
2 amount set out as available for lapsing lapses upon certification
3 under (e) of this section.

4 (d) A project for which a statement has not been filed under (b)
5 or (c) of this section before August 1 of each year is presumed to
6 have been completed or abandoned during the preceding fiscal year and
7 the unexpended and unobligated balance of the appropriation for that
8 project lapses upon certification under (e) of this section.

9 (e) By October 15 of each fiscal year, the Department of Admin-
10 istration shall certify to the Office of Management and Budget the
11 amount that lapses under (b) - (d) of this section.

12 (f) Subsections (b) - (e) of this section do not apply to appro-
13 priations in the form of grants under AS 37.05.315 - 37.05.317.
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BY POURCHOT, ADAMS, HALFORD,
FAIKS, FRANK, STURGULEWSKI,
KELLY, COGHILL, FISCHER AND
JONES

1 IN THE SENATE

2 SENATE BILL NO. 237

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

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13 carried forward to subsequent fiscal years. Unless a statement has
14 been filed under (c) of this section during the preceding fiscal year,
15 between [BETWEEN] July 1 and August 31 of each fiscal year, a state-
16 ment supporting the amount of the unexpended balance required to
17 complete the projects for which the initial appropriation was made and
18 the amount that may be lapsed shall be recorded with the Department of
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23 The amount set out in the report as available for lapsing lapses upon
24 certification under (e) of this section.

25 (c) Within 30 days after completion or abandonment of a capital
26 project, the agency responsible for administration of the appropria-
27 tion for that project shall file a statement with the Department of
28 Administration stating that the project has been completed or aban-
29 doned and stating the amount of the unexpended and unobligated balance
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1 of the appropriation that may be lapsed. The amount set out as avail-
2 able for lapsing lapses upon certification under (e) of this section.

3 (d) A project for which a statement has not been filed under (b)
4 or (c) of this section before September 1 of each year is presumed to
5 have been completed or abandoned during the preceding fiscal year and
6 the unexpended and unobligated balance of the appropriation for that
7 project lapses upon certification under (e) of this section.

8 (e) By October 1 of each fiscal year, the Department of Adminis-
9 tration shall certify to the Office of Management and Budget the
10 amount that lapses under (b) - (d) of this section.

11 (f) Subsections (b) - (e) of this section do not apply to
12 appropriations in the form of grants under AS 37.05.315 - 37.05.317.
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FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to the lapsing of appropriations for capital projects. BRU: Finance
 Sponsor: Pourchot, Adams, et al. Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No cost to Finance assuming AKSAS can be used for reporting requirements, and computer reports are adequate for analysis required.

Prepared By: Keith Busch, Director *Don Wainio for* Phone: 465-2240
 Division: Finance Date: March 31, 1989
 Approved by Commissioner: *John M. Andrews* Date: 3/31/89
 Agency: Department of Administration

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

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS,
CHAIR

ETHICS COMMITTEE,
CHAIR



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(907) 465-3712

Senator Pat Pourchot

MEMORANDUM

TO: Senator Rick Uehling, Co-Chairman
Senate Finance Committee

FROM: Senator Pat Pourchot

RE: Scheduling of SB 237

DATE: April 12, 1989

SB 237, relating to the lapsing of appropriations for capital projects, has been referred to the Senate Finance Committee. I am writing to respectfully request that you schedule SB 237 for a hearing.

SB 237 would establish a procedure for the administrative lapse of capital appropriations upon completion or abandonment of a capital project. Current statute authorizes administrative lapse, but does not require that the lapse actually occur.

As you know, over the years the legislature has reappropriated millions of dollars in unused capital appropriations. At a time when we are in dire need of revenues to balance the State's budget and are debating literally every revenue source, I firmly believe that these dollars need to be used to meet general government expenses. Unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds -- no longer should these monies be considered "my dollars" or "your dollars" subject almost entirely to the discretion of individual legislators.

SB 237 would require that any funds available after project completion lapse to the general fund within 30 days of completion. The bill would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

Please note that there is a State Affairs Committee Substitute which changes the dates by which funds available for lapse must be reported to the Department of Administration. The changes were made to align with preparation of the state's Annual Financial Report.

I urge your favorable consideration of SB 237 and would be happy to discuss it with you at your convenience. The bill has a zero fiscal note.

Sen. Pourchot
April 10, 1989

SB 237, LAPSING OF APPROPRIATIONS FOR CAPITAL PROJECTS

THE PRESENT

Under current law, appropriations for capital projects are valid for the life of the project and the unexpended balance is carried forward to subsequent fiscal years. The agency responsible for administering a capital project is to report to the Department of Administration each year any amount that will not be needed for project completion. Unneeded funds may be administratively lapsed but there is no requirement that the lapse actually occur.

THE PROBLEM

Generally, these funds are not lapsed but are reappropriated by legislators for projects of their choice. At a time when the state's budget needs exceed revenues and literally every revenue source is under debate, unused capital dollars need to undergo the same deliberation and scrutiny as do state general funds. Lapsing unused capital funds to the state's general fund would allow this to occur.

THE PROPOSAL

Within 30 days after the end of a month in which a project is completed or abandoned, the agency responsible for administering the project must file a statement with the Department of Administration that identifies the amount of the appropriation available for lapse. The amount would automatically lapse upon certification by the department.

In the case of projects not complete or abandoned, a report would be filed annually with the Department of Administration as required under current law. Failure to file the report would result in automatic lapsing of the unexpended and unobligated balance of the appropriation.

These provisions would apply only to direct appropriations for capital projects, not to grants to municipalities, unincorporated communities, or named recipients.

THE PROSPECT

For the first time since 1983, in September 1988 the Governor's Office of Management and Budget undertook an agency by agency review of capital appropriations and administratively lapsed \$1.6 million in general funds. (This amount is exclusive of the Department of Transportation and Public Facilities, whose capital project clean-up effort has identified over \$15 million as available for lapse.) Presumably the amount available for lapse would have been much greater, and would be much greater in future years, if project balances are not subject to reappropriation.

Sen. Pourchot
4/3/89

SECTIONAL ANALYSIS

CSSB 237 (State Affairs)
AN ACT RELATING TO THE LAPSING OF APPROPRIATIONS FOR CAPITAL
PROJECTS

Sec. 1 Requires that for ongoing capital projects, the agency administering the project file a statement with the Department of Administration in July of each year indicating any balance available for lapse.

Sec. 2 (b) Provides for lapse, upon certification by DOA, of the amount indicated in Sec. 1 as available for lapse.

(c) Requires that for capital projects that have been completed or abandoned, the agency administering the project file a statement with DOA within 30 days after the month in which a project is completed/abandoned indicating any balance available for lapse. The amount lapses upon certification by DOA.

(d) Provides that failure to file the required statement with DOA (either for ongoing projects or completed/abandoned projects) will result in the lapse of the unexpended and unobligated balance of the appropriation.

(e) Requires that DOA certify to OMB by October 15 of each year the amount lapsed.

(f) Clarifies that the lapse provisions apply only to direct appropriations, not to grants to municipalities, unincorporated communities, or named recipients.