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428

SENATE FINANCE COMMITTEE REPORT

DATE: 2/26/90

FURTHER:

DATE TURNED INTO OFFICE: 3/8/90

The Finance Committee considered

SB 428

"An Act relating to the Alaska marine highway system, its funding and its budget; establishing the Alaska marine highway system fund; and providing for an effective date."

and recommended:

replace with _____ CS
 or adopt _____ CS

SB 428 (Trsp)

same title
 new title
 technical title change (HB only)

attached amendment(s)

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) DCR-AMHS 2/15/90

REV 37,110.7 / CF (37,110.7)

zero fiscal note(s) DOA-Fin 2/16/90

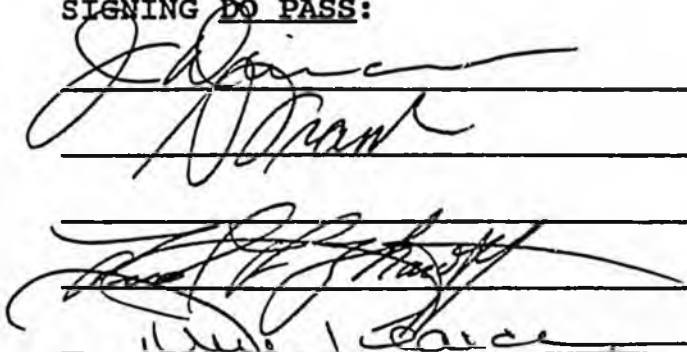
DOT/PEA-AMHS 2/14/90

DCR-Treas 2/19/90

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:



1. Rich Healy (NO PASS) 2. John R. ...
Co-Chairs: signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
Title: An Act relating to AMHS, its funding and its budget, establishing the AMHS fund. BRU: Finance
Sponsor: Duncan Components: Finance
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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	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 additional appropriation for the Division of Finance is anticipated to be required. The only involvement of the Division of Finance is to establish the Alaska Marine Highway System Fund as an account in the General Fund. Required reporting and administration of the fund will be under the control of the Alaska Marine Highway System.

Prepared by: Keith Busch, Director *Keith Busch* Phone: 465-2240
Division: Finance *Keith Busch* Date: 2/16/90
Approved by Commissioner: Frank S. Baxter Date: 2/16/90
Agency: Department of Administration

Distribution (by preparer):

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

Changes in CS SB 428 (Trsp)
have no fiscal impact.
This fiscal note is CM
appropriate.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SB 428 (Trsp) (b)
PUBLISH DATE: 2/26/90

REQUEST: FISCAL NOTE

Revision Date:
Title: An Act relating to the Alaska Marine Highway System
Sponsor: Duncan
Requestor: Duncan

Agency Affected: DOT&PF
BRU: Alaska Marine Highway System
Components:

FEB 15 1990

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	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	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:

Prepared by: W. Keith Gerken
Division: Deputy Commissioner, Operations
Approved by Commissioner: Mark S. Hickey
Agency: Department of Transportation and Public Facilities

Phone: 465-3900
Date: Feb. 14, 1990

Date: 2/14/90

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

Changes in CS SB 428 (trsp) have no fiscal impact. This fiscal note is appropriate.

BILL ANALYSIS

- * 1 The total operating and capital needs of the Alaska Marine Highway System will not be changed by this bill. The actual amounts appropriated may change because of the more direct connection between the earnings and funding.
- * 2 Beginning July 1, 1990 the gross revenue of the Alaska Marine Highway System will be deposited in a special account in the General Fund, the Alaska Marine Highway Fund, instead of the unrestricted General Fund revenue account. We have not depicted this as an expenditure or a revenue reduction since the same level of funds are being collected and they are just being held for use during FY 92. This impact does not occur in any subsequent year and is needed as a one time action to establish a workable fund balance.
- * 3 The sources of funding used for the appropriations to the Alaska Marine Highway System will change for FY 92. The source will become the Alaska Marine Highway System Fund instead of the General Fund.

FEB 20 1990

(Trsp)

STATE OF ALASKA
1990 LEGISLATIVE SESSION

Bill Version CS SB 428 (c)
Publish Date: 2/28/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to the Alaska Marine Highway System
Sponsor: Duncan
Requestor: Senate Transportation

Agency Affected: Marine Highway System Fund
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
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
LANDS & 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	37110.7	38756.4	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	(37110.7)	(38756.4)	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(37110.7)	(38756.4)	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: FY 90 fiscal effect is zero. The figures reflect projected total ferry system revenues which would be deposited in the Alaska Marine Highway System Fund, and subsequently available for appropriation, as estimated by DOTPF/Marine Highway System.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: February 15, 1990

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 2/28/90

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

2/28/90
2/28/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Alaska Marine Highway System, BRU: Treasury
its funding, and budget
 Sponsor: Duncan Components: _____
 Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
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
LANDS & 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	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 for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: February 15, 1990

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 2/19/90

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

) Changes in CS SB 428 (trsp)
 have no fiscal impact.
 This fiscal note is CM
 appropriate.

Original sponsor(s): SEN. DUNCAN, Jones

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE
2 CS FOR SENATE BILL NO. 428 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska marine highway system,
7 its funding and its budget; establishing the Alaska
8 marine highway system fund; and providing for an
9 effective date."

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

11 * Section 1. AS 19.65 is amended by adding new sections to read:

12 ARTICLE 2. ALASKA MARINE HIGHWAY SYSTEM FUND AND BUDGET.

13 Sec. 19.65.050. LEGISLATIVE FINDINGS, PURPOSE, AND INTENT. (a)

14 The legislature finds that

15 (1) the Alaska marine highway system is an essential part
16 of the state transportation system, and that it warrants continued and
17 predictable state support;

18 (2) many communities' economies are dependent on a steady
19 and stable marine highway system service level;

20 (3) the state's tourism industry is greatly enhanced by a
21 dependable marine highway transportation network; and

22 (4) efficient and prudent management of the system will
23 benefit the state's economy and foster economic development.

24 (b) It is the purpose of AS 19.65.050 - 19.65.100 to

25 (1) enable the Alaska marine highway system to manage and
26 operate in a manner that will enhance performance and accountability
27 by allowing the system to account for and spend its generated revenue;

28 (2) provide the management tools necessary to efficiently
29 operate the Alaska marine highway system;

1 (3) within constitutional constraints, provide for a pre-
2 dictable funding base for system operations; and

3 (4) provide for predictability and stability in the service
4 level furnished to communities served by the system.

5 (c) It is the intent of AS 19.65.050 - 19.65.100 to

6 (1) encourage prudent administration through cost manage-
7 ment and accurate budgeting by managers of the Alaska marine highway
8 system;

9 (2) increase revenue from the operation of the system
10 consistent with the public interest, increase service consistent with
11 sound fiscal policy, and assist the prudent management and operation
12 of the system;

13 (3) achieve stability in the level of service communities
14 can anticipate through accurate planning and scheduling; and

15 (4) provide a system that anticipates a predictable funding
16 base of appropriations of at least \$31,000,000 each year from the
17 general fund, in addition to gross revenue.

18 Sec. 19.65.060. ALASKA MARINE HIGHWAY SYSTEM FUND. (a) There
19 is created, as a special account in the general fund, the Alaska
20 marine highway system fund, into which shall be deposited

21 (1) the gross revenue of the Alaska marine highway system;

22 (2) money that is appropriated to the Alaska marine highway
23 system fund by the legislature in an amount that is consistent from
24 year to year and is the amount necessary, after consideration of gross
25 revenue, to provide stable services to the public consistent with the
26 provisions of AS 19.65.050(b)(4), which appropriations are not one-
27 year appropriations and the balances of which do not lapse under
28 AS 37.25.010; and

29 (3) any other money that is appropriated to the Alaska

1 marine highway system fund by the legislature, which appropriations
2 are not one-year appropriations and the balances of which do not lapse
3 under AS 37.25.010.

4 (b) Nothing in this chapter exempts money deposited into the
5 Alaska marine highway system fund from the requirements of AS 37.07
6 (Executive Budget Act) or dedicates that money for a specific purpose.

7 Sec. 19.65.070. REVENUE ACCOUNTING. (a) The Alaska marine
8 highway system shall account for and remit to the Department of Reve-
9 nue in accordance with AS 37.10.050 all gross revenue generated from
10 the operation of the Alaska marine highway system during each annual
11 operating cycle. The money shall then be deposited in the Alaska
12 marine highway system fund.

13 (b) The Alaska marine highway system shall submit a written
14 report to the legislature, no later than the 10th day of each regular
15 legislative session, regarding the previous annual operating cycle.
16 The report must identify

17 (1) gross revenue generated during the previous annual
18 operating cycle;

19 (2) gross revenue generated during the current annual
20 operating cycle and an estimate of gross revenue for the remainder of
21 the current annual operating cycle;

22 (3) projections of the gross revenue to be generated during
23 the next annual operating cycle; and

24 (4) the difference between previous gross revenue estimates
25 prepared under this section and the revenues actually generated.

26 Sec. 19.65.080. ANNUAL APPROPRIATION. (a) Commencing with
27 appropriations for the fiscal year that begins July 1, 1991, on an
28 annual basis and under AS 37.07 (Executive Budget Act), the legis-
29 lature may appropriate amounts from the Alaska marine highway system

1 fund to the Alaska marine highway system.

2 (b) The Department of Transportation and Public Facilities may
3 request the legislature to appropriate money from the Alaska marine
4 highway system fund to the marine highway system for capital improve-
5 ments, if

6 (1) the appropriation under (a) of this section has been
7 made;

8 (2) the amount in the fund, without regard to the appro-
9 priation under (a) of this section, exceeds the total of gross revenue
10 deposited in the fund and the general fund appropriations under
11 AS 19.65.060(a)(2) by 10 percent; and

12 (3) the amount requested for appropriation under this
13 subsection does not exceed 50 percent of the balance remaining after
14 the appropriation for annual management and operations is made under
15 (a) of this section.

16 (c) The unexpended and unobligated balance of money appropriated
17 from the Alaska marine highway system fund lapses into the Alaska
18 marine highway system fund at the end of the fiscal year for which it
19 was appropriated.

20 Sec. 19.65.100. DEFINITIONS. In AS 19.65.050 - 19.65.100,

21 (1) "annual operating cycle" means the annual state fiscal
22 year beginning on July 1 and ending at midnight on the following June
23 30;

24 (2) "gross revenue" means all money, except money refunded
25 to ticket holders and others for unused services, that is generated
26 from the operation of the Alaska marine highway system, including that
27 derived from vessel operations and uses of Alaska marine highway
28 system facilities.

29 * Sec. 2. This Act takes effect July 1, 1990.

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100
(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR -
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

TO: SENATOR RICK UEHLING
CO-CHAIR
SENATE FINANCE COMMITTEE

FROM: SENATOR JIM DUNCAN

REGARDS: HEARING FOR SENATE BILL 428

DATE: FEBRUARY 28, 1990

I WOULD APPRECIATE THE EARLIEST POSSIBLE HEARING FOR SENATE BILL 428 WHICH ESTABLISHES THE ALASKA MARINE HIGHWAY SYSTEM FUND.

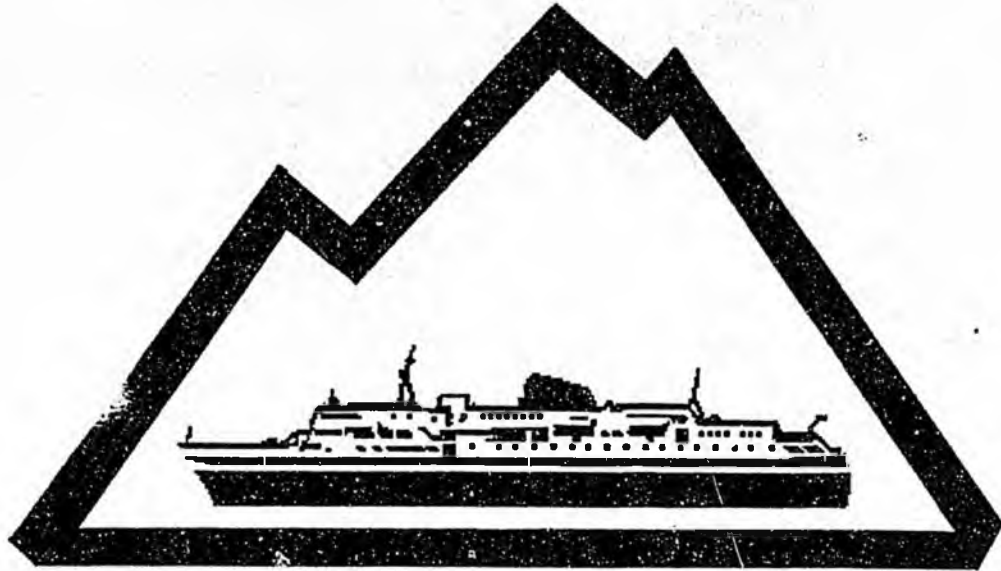
SB 428 AS SPONSORED BY ME WAS IDENTICAL TO HOUSE BILL 439 INTRODUCED JANUARY 24 AT THE REQUEST OF THE GOVERNOR. THE SENATE TRANSPORTATION COMMITTEE MADE TWO MINOR AMENDMENTS. IT IS IMPERATIVE THIS BILL BE ACTED UPON THIS SESSION BY THE ENTIRE LEGISLATURE. IT IS MY HOPE CONCURRENT ACTION BY THE HOUSE AND SENATE WILL ENSURE TIMELY CONSIDERATION OF THIS MEASURE. THE INTENT IS TO ALLOW THE SYSTEM TO USE THE REVENUES IT GENERATES SO IT CAN PROVIDE SERVICE IN A CONSISTENT AND ENHANCED FASHION.

I HAVE ATTACHED A PACKET OF INFORMATION ON THIS PROPOSAL PROVIDED BY THE ADMINISTRATION. IT INCLUDES A COPY OF THE GOVERNOR'S TRANSMITTAL LETTER TO THE HOUSE OF REPRESENTATIVES WHICH OUTLINES HB 439 IN DETAIL. AS POINTED OUT IN THE GOVERNOR'S COMMUNICATION, THE BILL DOES NOT VIOLATE CONSTITUTIONAL PROVISIONS RELATED TO THE PROHIBITION OF DEDICATED FUNDS. THE PROPOSED FUND IS SUBJECT TO ANNUAL APPROPRIATION BY THE LEGISLATURE. THE BILL ESTABLISHES A SPECIAL ACCOUNT IN THE GENERAL FUND FOR FISCAL YEAR 1991 WHICH WOULD BE AVAILABLE FOR USE BY THE ALASKA MARINE HIGHWAY SYSTEM IN FISCAL YEAR 1992.

I HAVE ALSO ATTACHED ZERO FISCAL NOTES FROM THE DEPARTMENTS OF TRANSPORTATION AND PUBLIC FACILITIES, REVENUE AND ADMINISTRATION. THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES' FISCAL NOTE INCLUDES A BILL ANALYSIS. AN ADDITIONAL FISCAL NOTE FROM THE DEPARTMENT OF REVENUE PROJECTS THE AMOUNT OF PROGRAM RECEIPTS FOR DEPOSIT TO THE FUND.

I APPRECIATE YOUR CONSIDERATION OF THIS REQUEST. BILL

File
SB 428



ALASKA MARINE HIGHWAY SYSTEM

HOUSE BILL 439

SENATE BILL 428

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 24, 1990

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska marine highway system. The bill addresses concerns that all Alaskans share regarding the importance of the ferry system in the state's commerce, the efficient use of the system's resources, and the ability of the system to provide stable or enhanced service to the public.

The Alaska marine highway system has been an administrative unit of the Department of Transportation and Public Facilities since the department's creation in 1977. Before 1977, the marine highway system was a division of the Department of Public Works. However, throughout the system's more than 25 years of life, there have not been specific statutory provisions that set out the expectations that the legislative and executive branches of government, as well as the public, have for the system nor that set out clear goals for the system. One purpose of the attached bill is to address these concerns.

In proposed AS 19.65.050(a) are legislative findings that the marine highway system is a vital link in the state's economic well being, requiring consistent levels of funding and prudent management. The purpose of the bill is set out in proposed AS 19.65.050(b). Under this bill, managers and employees of the system will be provided an incentive and mechanism to manage the system efficiently by allowing it to effectively use its operating revenue, although that revenue is, under other sections of the bill, subject to annual appropriation, and the bill does not violate the Alaska Constitution's art. IX, sec. 7, prohibition of "dedicated funds." Furthermore, the legislature recognizes the need for consistent levels of funding, within constitutional limits, to allow predictable levels of service. The legislative intent for the marine highway system operations is set out in proposed AS 19.65.050(c).

The system's managers are expected to accurately plan, schedule, and budget for the operations of the ferry system. The specific goals stated for the system, among others, are to increase revenue consistent with the public interest and to stabilize levels of service to the communities the system serves.

Proposed AS 19.65.060 creates the Alaska marine highway system fund as a special account in the general fund. The new "fund" is to be the repository of all operating revenue that the system generates, consistent annual general fund appropriations for operations, and whatever additional appropriations the legislature might make to the fund. All money in this fund is subject to annual appropriation. It is not a dedicated fund.

Proposed AS 19.65.070 requires depositing all Alaska marine highway system revenue into the Alaska marine highway system fund. The system managers are also required (1) to report to the legislature all revenue generated during the previous fiscal year, (2) to report the revenue actually generated during the current fiscal year and estimate the revenue that will be generated during the remainder of the current fiscal year, (3) to estimate revenue to be generated during the succeeding fiscal year, and (4) to state the amount of the difference between previous revenue projections and revenue actually generated.

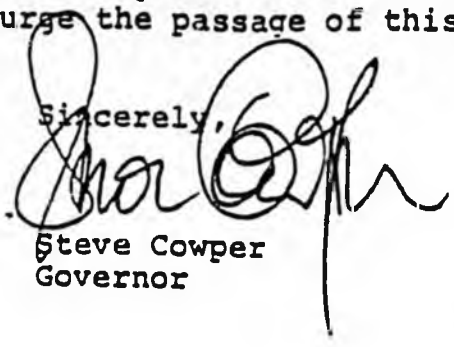
In proposed AS 19.65.080, an annual appropriation mechanism is created for the marine highway system. Under this section, commencing in fiscal year 1992, it is anticipated that the legislature will appropriate money from the Alaska marine highway system fund for the system's annual operations. Furthermore, the bill acknowledges that the legislature has the discretion to appropriate additional money to the system fund (i.e., the special account in the general fund) from the general fund.

This legislation represents a sharp departure from the past. Previously, there has been no articulated role for the marine highway system, and no expression either of commitment by the legislature to maintain service at an adequate level, nor of the need to hold the system's management accountable for decisions that result in what the public perceives as a decline in the level of service.

With this bill, I intend to provide Alaskans with transportation benefits by creating a mechanism that establishes a predictable funding base and allows or encourages management to generate cost savings and increase revenue performance from the operation of the system, with the Alaskan users of the system receiving the direct benefit from those actions. By developing a business

approach, and establishing accountability in a way that is constitutionally valid, we provide management, employees, and users with necessary tools to respond to immediate and long-term challenges facing the Alaska marine highway system. I believe that the ultimate result of the passage of this bill will be a consistent level of funding from the general fund, and consistent and improved levels of service to the public. I therefore urge the passage of this bill.

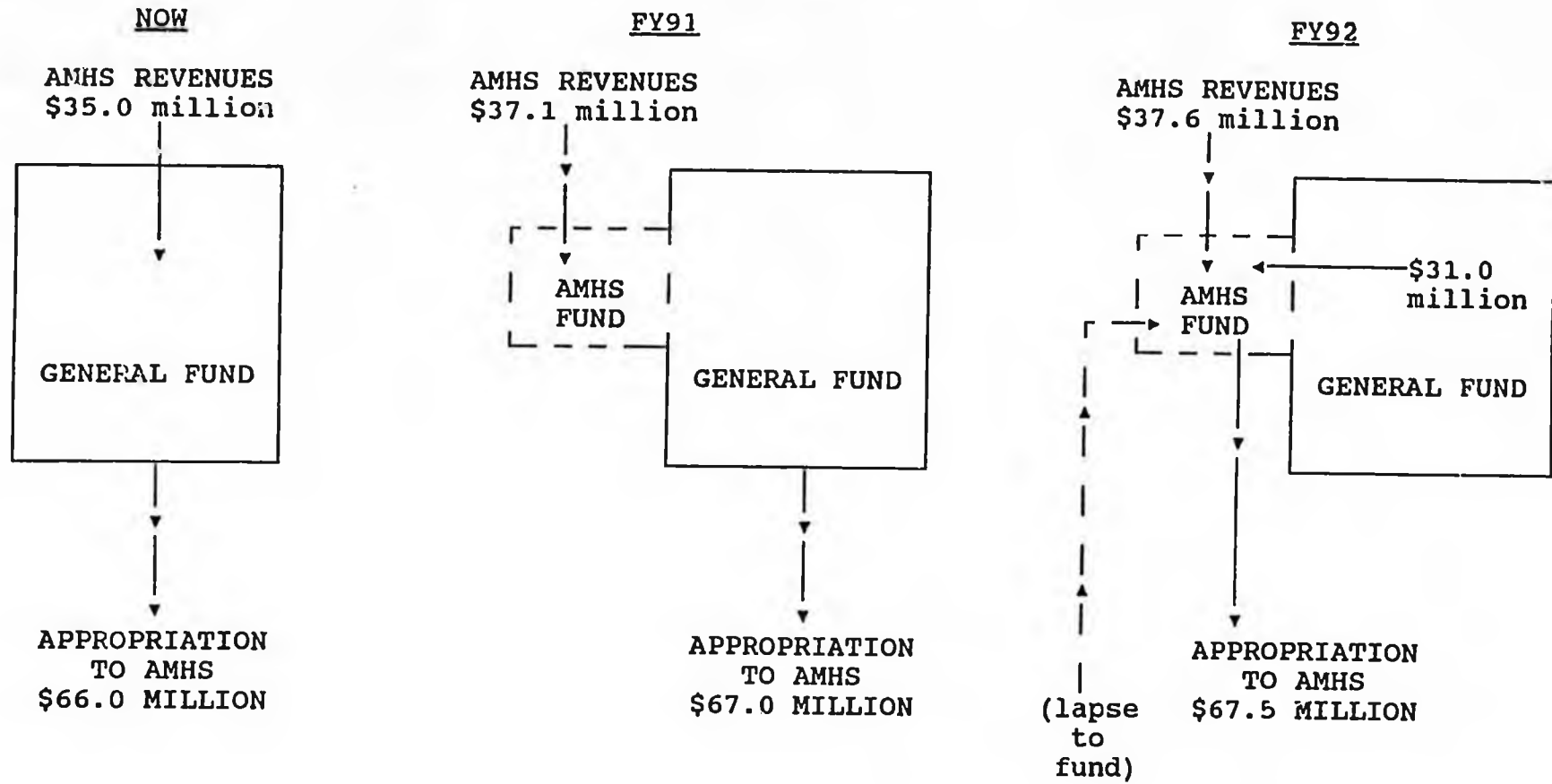
Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

DRAFT EXAMPLE

HOUSE BILL 439



DRAFT EXAMPLE

**HOUSE BILL 439
SENATE BILL 428**

AMHS FUND

Sec. 19.65.080(b)

AVAILABLE FOR AMHS OVERHAUL OR OTHER SHIP NEEDS

RESERVED FOR EMERGENCIES/SUPPLEMENTAL APPROPRIATIONS

**100% OPERATING
LEVEL**

DRAFT EXAMPLE

ALASKA MARINE HIGHWAY SYSTEM FINANCIAL MODEL

House Bill 439 - Senate Bill 428

Marine Highway Fund

(000s)	FY 89 YR 1	FY 90 YR 2	FY 91 YR 3	FY 92 YR 4	FY 93 YR 5	FY 94 YR 6	FY 95 YR 7	FY 96 YR 8	FY 97 YR 9	FY 98 YR 10	FY 99 YR 11	FY 00 YR 12	FY 01 YR 13	FY 02 YR 14	FY 03 YR 15	FY 04 YR 16	FY 05 YR 17	FY 06 YR 18	FY 07 YR 19	FY 08 YR 20	Total
Revenues¹																					
Passenger Vehicles				13,426	13,829	14,244	14,671	15,111	15,564	16,031	16,512	17,008	17,518	18,043	18,585	19,142	19,717	20,308	20,917	21,545	331,277
Vans				12,634	13,013	13,403	13,805	14,220	14,646	15,086	15,538	16,004	16,484	16,979	17,488	18,015	18,553	19,110	19,683	20,274	311,733
Stewards				2,327	2,397	2,468	2,543	2,619	2,697	2,778	2,862	2,947	3,035	3,127	3,221	3,317	3,417	3,519	3,625	3,734	57,411
				7,923	8,160	8,405	8,657	8,917	9,185	9,460	9,744	10,036	10,337	10,648	10,967	11,298	11,635	11,984	12,343	12,714	198,488
Total Revenues	35,252	35,252	35,252	36,310	37,399	38,521	39,676	40,867	42,093	43,356	44,656	45,996	47,376	48,797	50,261	51,769	53,322	54,921	56,569	58,266	895,910
GF Funding Base	64,843	65,213	65,530	31,000	31,000	31,000	31,000	31,242	31,648	31,900	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	723,484
CIP Funds ²	1,263	1,269	1,276	1,282	1,288	1,295	1,301	1,308	1,314	1,321	1,328	1,334	1,341	1,348	1,354	1,361	1,368	1,375	1,382	1,389	21,483
AMIS Op Fund				0	0	62	2,332	1,265	0	0	0	0	0	0	0	0	0	0	0	0	3,659
Total Op Bdgt Funding	66,106	66,482	66,814	68,592	69,687	70,878	74,310	74,681	75,055	75,676	76,984	78,330	79,717	81,145	82,615	84,130	85,690	87,296	88,951	90,635	1,543,793
Direct Expenses																					
Taku	8,035	8,075	8,116	8,156	8,197	8,238	8,279	8,320	8,362	8,404	8,446	8,488	8,531	8,573	8,616	8,659	8,702	8,746	8,790	8,834	168,567
Malaspina	9,733	9,782	9,831	9,880	9,929	9,979	10,029	10,079	10,129	10,180	10,231	10,282	10,333	10,385	10,437	10,489	10,542	10,594	10,647	10,700	204,190
Matanuska	10,298	10,349	10,401	10,453	10,506	10,558	10,611	10,664	10,717	10,771	10,825	10,879	10,933	10,988	11,043	11,098	11,153	11,209	11,265	11,322	216,043
Chikotna	359	6	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	371
Columbia	6,638	6,671	6,705	6,738	6,772	6,806	6,840	6,874	6,908	6,943	6,977	7,012	7,047	7,083	7,118	7,154	7,189	7,225	7,262	7,298	139,259
Lecointe	5,838	5,887	5,917	5,946	5,976	6,006	6,036	6,066	6,096	6,127	6,158	6,188	6,219	6,250	6,282	6,313	6,345	6,376	6,408	6,440	122,896
Aurora	5,379	5,406	5,435	5,464	5,493	5,523	5,553	5,582	5,612	5,642	5,672	5,703	5,733	5,764	5,795	5,826	5,857	5,888	5,920	5,951	120,799
Tustumena	5,698	5,726	5,755	5,783	5,812	5,841	5,871	5,900	5,929	5,959	5,989	6,019	6,049	6,079	6,110	6,140	6,171	6,202	6,233	6,264	119,529
Barillett	3,656	3,674	3,692	3,711	3,729	3,748	3,767	3,785	3,804	3,823	3,842	3,862	3,881	3,900	3,920	3,939	3,959	3,979	3,999	4,019	76,689
New vessel #1	0	0	0	0	0	3,062	3,078	3,093	3,109	3,124	3,140	3,156	3,171	3,187	3,203	3,219	3,235	3,251	3,268	3,284	47,581
New vessel #2	0	0	0	0	0	0	3,078	3,093	3,109	3,124	3,140	3,156	3,171	3,187	3,203	3,219	3,235	3,251	3,268	3,284	44,518
Total Direct Exps	55,653	55,976	56,256	56,592	56,814	60,161	63,539	63,857	64,176	64,497	64,820	65,144	65,470	65,797	66,126	66,457	66,789	67,123	67,458	67,796	1,260,441
Indirect Expenses																					
Marine Ops, Indirect	3,981	4,001	4,021	4,041	4,061	4,082	4,102	4,122	4,143	4,164	4,185	4,206	4,227	4,248	4,269	4,290	4,312	4,333	4,355	4,377	83,518
Marine Administration	2,352	2,364	2,376	2,387	2,399	2,411	2,423	2,436	2,448	2,460	2,472	2,485	2,497	2,510	2,522	2,535	2,547	2,560	2,573	2,586	49,343
Marine Facilities CIP ³	1,263	1,269	1,276	1,282	1,288	1,295	1,301	1,308	1,314	1,321	1,328	1,334	1,341	1,348	1,354	1,361	1,368	1,375	1,382	1,389	26,497
Cust Serv/WFE Mgmt	2,857	2,871	2,886	2,900	2,915	2,929	2,944	2,959	2,973	2,988	3,003	3,018	3,033	3,048	3,064	3,079	3,094	3,110	3,125	3,141	59,937
Total Indirect Exps	10,453	10,505	10,558	10,611	10,664	10,717	10,771	10,824	10,879	10,933	10,988	11,043	11,098	11,153	11,209	11,265	11,321	11,378	11,435	11,492	219,295
Total Operating Exps	66,106	66,482	66,814	67,142	67,478	70,878	74,310	74,681	75,055	75,430	75,807	76,186	76,567	76,950	77,335	77,722	78,110	78,501	78,893	79,288	1,479,735
To AMIS Op Fund > (Funding Less Exps)	0	0	0	1,449	2,209	0	0	0	0	246	1,176	2,144	3,149	4,194	5,280	6,408	7,580	8,796	10,058	11,367	64,058
Capital Expenditures																					
New or Replcmt Vsls	0	0	898	8,975	898	8,975	3,000	0	49,000 ⁴	0	0	0	0	3,000	0	49,000	0	0	0	0	123,745
Repr., Refrb, mod ⁵	5,132	8,754	6,153	4,028	2,550	14,100	9,034	4,697	29,969 ⁵	4,730	5,311	6,366	3,618	4,083	1,441	7,483	3,197	6,617	32,517	9,242	169,024
Shore Facilities	1,050	4,387	7,748	8,990	11,775	4,733	6,870	3,805	4,815	11,856	1,657	2,105	7,350	0	304	2,500	0	100	0	0	80,045
Other CIP and SIP	600	1,000	1,050	1,050	1,050	1,280	1,310	2,050	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	33,390
Debt service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
To Cap Reserve Fund >	0	0	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	2,545	0	2,112	1,266	235	94,158
Total Cap Expendt	6,782	14,140	23,849	31,043	24,273	37,088	28,214	18,552	85,784	26,586	16,968	18,471	20,968	17,083	6,290	60,983	7,309	9,983	34,753	11,242	500,361
Capital Funding Source																					
Federal Funding	5,651	10,722	11,246	18,191	11,526	23,251	15,392	7,122	28,346	12,886	5,761	5,635	5,881	3,254	1,391	7,955	2,547	4,951	24,934	7,087	213,729
Cap Reserve Fund	0	0	0	0	0	0	0	0	48,000	0	0	0	0	0	0	48,000	0	0	0	0	96,000
Liquidtn of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GF Capital Requirements	1,132	3,419	12,603	12,852	12,746	13,836	12,823	11,430	9,438	13,700	11,207	12,836	15,087	13,830	4,899	5,029	4,761	5,032	9,818	4,155	190,632
Net Cash Flow (Outflow)	(30,723)	(33,379)	(42,889)	(42,403)	(41,537)	(44,898)	(46,155)	(43,937)	(41,086)	(44,453)	(41,030)	(41,692)	(42,938)	(40,635)	(30,619)	(29,620)	(28,182)	(27,236)	(30,761)	(23,788)	(747,961)
Beginning Fund Balance	0	0	0	0	1,449	3,659	3,597	1,265	0	247	1,423	3,567	6,716	10,911	10,736	11,776	13,468	15,529	17,822	102,164	
Contribution	0	0	0	1,449	2,209	0	0	0	0	246	1,176	2,144	3,149	4,194	5,280	6,408	7,580	8,796	10,058	11,367	64,058
To Cap Reserve Fund >	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,455	5,368	5,888	6,734	7,765	8,911	40,121
Ending Fund Balance	0	0	0	1,449	3,659	3,597	1,265	0	247	1,423	3,567	6,716	10,911	10,736	11,776	13,468	15,529	17,822	20,278	122,442	
Cap Res Fund Balance	0	0	8,000	16,000	24,000	32,000	40,000	48,000	0	8,000	16,000	24,000	32,000	40,000	48,000	5,368	13,368	21,368	29,368	38,279	443,750

1 Revenue changes are based on combined traffic and fare avg. annual increase of 3%; revenues for FY89-91 not shown since AMIS fund revenue provisions begin in FY92.

2 These are CIP funds in the operating budget.

3 Some refurb projects have been deleted from FY91-97 on the assumption that a vessel replacement project may occur in FY97.

4 If this project is for a replacement vessel rather than a new vessel, no additional operating funds will be required.

5 FY97 "Repr., Refurb, mod" number accumulates some projects from FY90-96 which could not be done in those years due to lack of funding.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 439

January 24, 1990

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska marine highway system. The bill addresses concerns that all Alaskans share regarding the importance of the ferry system in the state's commerce, the efficient use of the system's resources, and the ability of the system to provide stable or enhanced service to the public.

The Alaska marine highway system has been an administrative unit of the Department of Transportation and Public Facilities since the department's creation in 1977. Before 1977, the marine highway system was a division of the Department of Public Works. However, throughout the system's more than 25 years of life, there have not been specific statutory provisions that set out the expectations that the legislative and executive branches of government, as well as the public, have for the system nor that set out clear goals for the system. One purpose of the attached bill is to address these concerns.

In proposed AS 19.65.050(a) are legislative findings that the marine highway system is a vital link in the state's economic well being, requiring consistent levels of funding and prudent management. The purpose of the bill is set out in proposed AS 19.65.050(b). Under this bill, managers and employees of the system will be provided an incentive and mechanism to manage the system efficiently by allowing it to effectively use its operating revenue, although that revenue is, under other sections of the bill, subject to annual appropriation, and the bill does not violate the Alaska Constitution's art. IX, sec. 7, prohibition of "dedicated funds." Furthermore, the legislature recognizes the need for consistent levels of funding, within constitutional limits, to allow predictable levels of service. The legislative intent for the marine highway system operations is set out in proposed AS 19.65.050(c).

The system's managers are expected to accurately plan, schedule, and budget for the operations of the ferry system. The specific goals stated for the system, among others, are to increase revenue consistent with the public interest and to stabilize levels of service to the communities the system serves.

Proposed AS 19.65.060 creates the Alaska marine highway system fund as a special account in the general fund. The new "fund" is to be the repository of all operating revenue that the system generates, consistent annual general fund appropriations for operations, and whatever additional appropriations the legislature might make to the fund. All money in this fund is subject to annual appropriation. It is not a dedicated fund.

Proposed AS 19.65.070 requires depositing all Alaska marine highway system revenue into the Alaska marine highway system fund. The system managers are also required (1) to report to the legislature all revenue generated during the previous fiscal year, (2) to report the revenue actually generated during the current fiscal year and estimate the revenue that will be generated during the remainder of the current fiscal year, (3) to estimate revenue to be generated during the succeeding fiscal year, and (4) to state the amount of the difference between previous revenue projections and revenue actually generated.

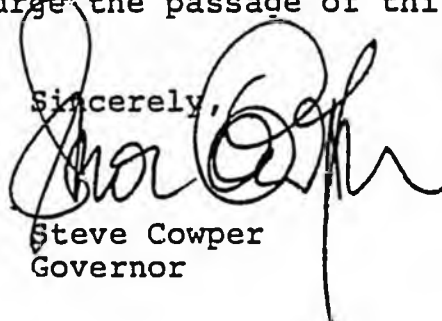
In proposed AS 19.65.080, an annual appropriation mechanism is created for the marine highway system. Under this section, commencing in fiscal year 1992, it is anticipated that the legislature will appropriate money from the Alaska marine highway system fund for the system's annual operations. Furthermore, the bill acknowledges that the legislature has the discretion to appropriate additional money to the system fund (i.e., the special account in the general fund) from the general fund.

This legislation represents a sharp departure from the past. Previously, there has been no articulated role for the marine highway system, and no expression either of commitment by the legislature to maintain service at an adequate level, nor of the need to hold the system's management accountable for decisions that result in what the public perceives as a decline in the level of service.

With this bill, I intend to provide Alaskans with transportation benefits by creating a mechanism that establishes a predictable funding base and allows or encourages management to generate cost savings and increase revenue performance from the operation of the system, with the Alaskan users of the system receiving the direct benefit from those actions. By developing a business

approach, and establishing accountability in a way that is constitutionally valid, we provide management, employees, and users with necessary tools to respond to immediate and long-term challenges facing the Alaska marine highway system. I believe that the ultimate result of the passage of this bill will be a consistent level of funding from the general fund, and consistent and improved levels of service to the public. I therefore urge the passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name below.

Steve Cowper
Governor