

**H B**

**87**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER HB 87

SPONSOR Governor

BILL TITLE Long-term financial plan.

DATE REFERRED 4-11-89

HEARING SCHEDULED 5-3-89

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Shari 3500

INTERESTED PARTIES CONTACTED

✓ Mary Halloran, OMB 3508  
Jack Fargnoli  
Alison Elgee

Katharine, Rep. Davis 4930  
support "O + M" (CIP) costs

OTHER

Amended: 4/7/89

801019hJ

Offered: 3/21/89  
Referred: Rules

*Sandra  
bill versions*

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. *CS01 5*

*originally  
20  
St Aff → 10  
Fn → 10*

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-

*Handwritten scribbles at the top of the page.*

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 <sup>amendment</sup> ~~or~~ <sup>ness approve</sup> ~~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

*Handwritten notes:* (six) 5  
STAFF 4

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 *W/CIP process*

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

*conform to Gov's term*

*5 Gov STAFF*

*inconsistent*

*added Fin*

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.

# Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V  
State Capitol  
Juneau, Alaska 99811

907-465-3712

## Senate State Affairs Committee

### MEMORANDUM

TO: Senate State Affairs Committee

FROM: Senator Pat Pourchot, Chairman

RE: May 3 Committee Hearing

DATE: May 2, 1989

On Wednesday, May 3 at 1:30 p.m. in the Beltz Room the following bills will be back before the Senate State Affairs Committee:

SB 154, An Act relating to equipment lease-financing and authorizing a master equipment lease-financing project

SB 154 would authorize the Alaska State Building Authority to finance and acquire equipment for lease to the state. Individual lease-purchases from all state agencies would be consolidated into one or more "master leases". The advantage would be a reduction in interest cost.

At our earlier hearing on SB 154, there was concern that savings realized by state agencies through a master lease not be spent on other agency budget items, but used to reduce agency budgets. Attached is an amendment that would require the Department of Administration to annually report lease savings to the legislature on an agency-by-agency basis, thus allowing the legislature the opportunity to reduce agency budgets accordingly.

SB 157, An Act relating to imposition of a civil fine for violation of a statute, regulation, or ordinance related to alcoholic beverages

SB 157 would authorize the Alcohol Beverage Control Board to assess civil fines against liquor licensees who violate liquor laws. As introduced, the bill did not specify the amount of the fines, leaving fine setting to the sole discretion of the board.

Attached is an amendment which would require the ABC Board to establish a schedule of fines in regulation, and would limit any fine to the greater of \$100,000 or an amount which is three times the pecuniary gain realized by the licensee as a result of the violation. This is patterned after the existing provision in Alaska's criminal code regarding fines.

In addition, the following bills will be heard:

HJR 19am, Ratifying an amendment to the Constitution of the United States concerning the compensation of members of the United States Congress

HJR 19 would ratify an amendment to the U.S. Constitution that would disallow any increases in pay for members of Congress from going into effect until after an intervening election had taken place. The amendment was proposed in 1789 and to date has been ratified by 26 states. To become effective, it must be approved by 38 states.

CSHB 83(Fin), An Act relating to legal holidays; and establishing Martin Luther King, Jr., Day as a legal holiday

HB 83 would establish the third Monday of January, known as Martin Luther King, Jr.'s Birthday, as a legal holiday. Lincoln's and Washington's birthdays would be combined on the third Monday in February as President's Day. This would result in an observance for Dr. King without the addition of another paid day of leave.

The bill also provides that King's birthday would be a legal holiday for state employees only if provided for in their collective bargaining agreements.

Martin Luther King Day was statutorially established as a day of commemoration in 1982. Governor Cowper issued a proclamation in January 1989 designating it a legal holiday for this year.

CSHB 87(Fin)am, An Act relating to the state budget and to long-term financial plans for the state

HB 87 would require that the Governor annually submit to the legislature a long-term financial plan. The plan must include projections of expenditures for the next six fiscal years and projections of revenues for the next ten fiscal years. The legislature would be required to adopt or revise the plan.

In addition, HB 87 would require that the Governor's annual capital improvements proposal include the estimated annual maintenance and operation costs for the useful life of each project.

STEVE COWPER  
GOVERNOR



cc  
7/15/87

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,

Handwritten signature of Steve Cowper.  
Steve Cowper  
Governor

House = 10 yrs

House = 6 yrs.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Gov. formulate/submit long-term  
financial plan for state  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Office of Governor  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

**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						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: Alison M. [Signature]  
Division: Budget Review

Phone: 465-3568  
Date: 1/13/89

Approved by Commissioner: [Signature]  
Agency: \_\_\_\_\_

Date: 1/14/89

**Distribution (by preparer):**

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

# Kay Brown

## Alaska State Legislature House of Representatives

TO: Representative Lyman Hoffman, Co-Chair  
Representative Ron Larson, Co-Chair  
House Finance Committee

FROM: Representative Kay Brown

DATE: March 20, 1989 *Kay*

SUBJ: HB 87/Long-Term Financial Plans

The Fiscal Policy Subcommittee has reviewed HB 87 concerning the state budget and long-term financial plans. Please find attached a proposed Finance Committee substitute (work draft dated 03/09/89).

The subcommittee suggestions incorporated into this work draft include the following changes from the State Affairs CS:

- NO ST Aff = 4*
- In order to be consistent with capital budget planning process, the time frame for projection of estimated expenditures is changed to six years rather than four. (Note: This change occurs in several places throughout the bill.)
  - In order to make clear that the legislature may modify the Governor's proposed budget, the phrase "or appropriate alternatives to that budget" (page 2, lines 3 - 6) is added.
  - A requirement that the legislature "adopt or revise" the long-term financial plan annually (page 2, lines 16 - 17) is added.
  - A requirement that "the estimated annual maintenance and operation costs for the useful life" of capital projects be included in the

Governor's six-year capital improvements budget (page 3, lines 20 - 22) is added.

- The title of the bill has been modified and other minor changes incorporated as suggested by Tamara Cook in her memo of February 23, 1989.

If you have any questions regarding these proposed changes, please let me know.

cc: Representative C. E. Swackhammer  
Representative Steve Rieger



## Alaska State Legislature

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House of Representatives  
COMMITTEE ON STATE AFFAIRS

TO: Representative Lyman Hoffman  
Representative Ron Larson  
House Finance Committee

FROM: Representative H.A. "Red" Boucher, Chair  
House State Affairs Committee

DATE: February 23, 1989

RE: CSHB 87(SA): Long-Term Financial Planning

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I would like to refer your attention to the memorandum dated 2/23/89 from Tamara Cook regarding suggested changes to CSHB 87(SA). I support these changes and request that you give them favorable consideration.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y, STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 23, 1989

SUBJECT: Long-term financial plan for the state  
(CSHB 87(SA))

TO: Representative H. A. "Red" Boucher, Chair  
House State Affairs Committee

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Here is the committee substitute you requested for HB 87, originally introduced by the Governor. Since the bill has been passed from committee, Dennis Burns requested no changes other than those acted upon by the committee and identified to me. We did make form and style changes in accordance with the drafting manual.

It seems to me, however, that the provision contained in existing law (AS 37.07.030(6)) appearing in section 2 of the bill may need to be changed from six to four years to conform to the change made in section 1 of the bill. The changes made in sec. 1 need to be reflected in AS 37.07.-020(c) and 37.07.040(2), which are not now dealt with in the bill.

In addition, I am concerned that the title may not adequately reflect the contents of the bill. The title is very narrow and addresses only the Governor's responsibilities with respect to the long-term financial plan. Sections 2 and 4 of the bill, though, deal with the legislature's responsibilities. To the extent that those sections are determined not to contain substantive changes, the existing title may be sufficient. But I fear that the changes to those sections may be substantive. If the additional change is made to section 2, altering the six to four years, and to the other nonconforming sections a title change will clearly be required.

Representative H.A. "Red" Boucher  
Page 2  
February 23, 1989

I suggest that you make this memorandum available to the next committee of reference, so they can look into these matters.

TBC:kb:gc  
wkk2/042

Enclosure

TO TESTIFY

ALISON ELGEE, O.M.B.

F.Y.I.

GOVERNOR INTRODUCED WITH A 5-YEAR EXPENDITURE PLAN AND A 20-YEAR REVENUE PROJECTION.

HOUSE STATE AFFAIRS AMENDED TO A 4-YEAR EXPENDITURE PLAN (TO CONFORM WITH THE GOVERNOR'S TERM OF OFFICE, WHICH OF COURSE WOULD ONLY MAKE SENSE FOR THE PLAN HE SUBMITTED HIS FIRST YEAR IN OFFICE...) AND A 10-YEAR REVENUE PROJECTION.

HOUSE FINANCE AMENDED TO A 6-YEAR PLAN (TO CONFORM WITH THE CURRENT 6-YEAR CAPITAL IMPROVEMENT PLAN) AND A 10-YEAR REVENUE PROJECTION. GOVERNOR HAS NO PROBLEM WITH THE HOUSE FINANCE BILL.

HOUSE FINANCE ALSO ADDED INCLUSION OF ESTIMATED O&M COSTS FOR EACH CAPITAL PROJECT. ALISON SAYS ADMINISTRATION DOES ALREADY -- IT'S THE LEGISLATIVELY SPONSORED PROJECTS THAT LACK THIS INFORMATION....

ORIGINAL BILL CALLED ON THE LEGISLATURE TO APPROVE OR REVISE THE GOVERNOR'S PLAN BY CONCURRENT RESOLUTION. CURRENT VERSION SIMPLY SAYS APPROVE OR REVISE -- WHAT WOULD THE MECHANISM BE? JUST THE NORMAL BUDGET PROCESS?

SENATE COMMITTEE REPORT



FURTHER

FIN

4/11/89

DATE TURNED INTO OFFICE 5-4-89

Mr. President:

STATE AFFAIRS Committee considered CSHB 87 (FIN) am  
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

*Jim Kelly*  
 \_\_\_\_\_  
*Jan Fark*  
 \_\_\_\_\_  
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 \_\_\_\_\_  
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OTHER RECOMMENDATIONS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Pat [Signature]*  
 \_\_\_\_\_  
 Chairman signature and recommendation

Committee Backup attached