

**SB**

**29**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DO NOT WRITE  
REPORTED COST OF  
CFC 2-5-97

DATE: 1/21/97

FURTHER:

DATE TURNED  
IN TO OFFICE: 2-6-97

Finance Committee considered SENATE BILL NO. 29

"An Act relating to certain programs of state aid to municipalities and recipients in the unorganized borough; and providing for an effective date."

and recommends:

- be replaced with CS SB 29 ( FIN )
- adopt previous CS ( )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical change
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John Johnson</i>	✓	<i>John Johnson</i>			
<i>Ben King</i>	✓	<i>Ben King</i>			✓
<i>Dave Donley</i>	✓	<i>Al Adams</i>	✓		
Co-Chair: <i>Deane</i>	✓	Co-Chair:			
Co-Chair:		Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal

S. FINANCE	2/5/97		1005.4

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

2-5-97

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSSB29(fin)

Revision Date: 2/5/97  
Title: An Act Relating to state aid to municipalities  
Sponsor: Sen. Torgerson

Dept. Affected Revenue  
BRU: Revenue Operations  
Components: Treasury  
Serial # 121

**EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)**

OPERATING	FY 98	FY 99	FY2000	FY2001	FY2002	FY2003
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>	<b>-1005.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUNDING: (THOUSANDS OF DOLLARS)**

General Fund						
Federal Fund						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

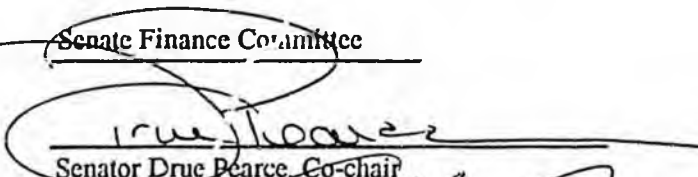
**POSITIONS:**

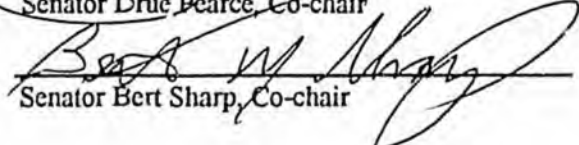
Full-Time						
Part-Time						
Temporary						

**ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)**

see attached analysis

Prepared By: Senate Finance Committee

  
Senator Drue Pearce, Co-chair

  
Senator Bert Sharp, Co-chair

Date: 2/5/97

Phone: 465-4993

Date: 2/5/97

Phone: 465-3004

***Analysis of Advance Payment of Municipal Assistance  
Income Lost to CBRF***

If Payment Made On:	<u>2/1/98</u>	<u>12/31/97</u>	<u>11/30/97</u>	<u>10/31/97</u>	<u>9/30/97</u>	<u>8/31/97</u>	<u>7/31/97</u>
Income Lost to CBRF:	0	\$167,569	\$335,137	\$502,706	\$670,274	\$837,843	\$1,005,412

**Assumptions:**

\$28,726,047 = Municipal Assistance Payment

Payment borrowed from CBRF

CBRF Return = 7% (from FY97 draft investment policy for the CBRF)  
and capital market assumptions FY97

FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: State Aid to Municipalities and Unorg. Bor. BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: Senator Torgerson  
 Requestor: (S) CRA COMPONENT SERIAL NO. 121

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost \$ \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The changes proposed in this committee substitute do not change our original fiscal note of 1/17/97. The following comments, which were in the original note, still apply:

This legislator will move the payment of municipal assistance from 2/1 forward to 7/31 of each State fiscal year. Investment income will be lost by the State because of this earlier payment. The income lost will be at the rate earned by the CBRF. This is because the general fund borrows from and has a large outstanding liability to the CBRF. Any disbursement of general fund moneys delays repayments to the CBRF.

This rate used to calculate the lost earnings has increased from last year. This is because of the passage of SB 303 which resulted in the Department of Revenue's implementing a new asset allocation which will result in increased total return.

Our fiscal note above assumes the payment is made on 7/31. Attached is a schedule which reflects the effect of payout dates ranging from 7/31 to 12/31.

Prepared by: Bettv. Martin, Comptroller Phone: 465-2350  
 Division: Treasury Date: January 23, 1997  
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: January 23, 1997  
 Agency: Department of Revenue

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6-1-97

# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO. SB 29**  
 CPA, FIN

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to certain programs of state aid to municipalities..."  
 Sponsor: Torgerson  
 Requestor: (S) Fin

Department Affected: Administration  
 BRU: Finance  
 Component: Finance  
 COMPONENT SERIAL NO. 59

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
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<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 97) cost: \$ 0.0

**POSITIONS:**

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

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

Section 8 of this bill changes the date of distribution of money to the municipalities from February 1 of the fiscal year to July 31 of the fiscal year. Distributing these funds earlier in the fiscal year will reduce the amount of general fund earnings on investments.

Prepared by: Don Wanie  
 Division: Finance

Phone: 465-2240  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover  
 Agency: Department of Administration

*Alison M. Selge*  
 \_\_\_\_\_  
 Date: 1/22/97

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5629

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: An Act relating to state aid to municipalities BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: SEN TORGERSON  
 Requestor: (S) CRA COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4	-1,005.4
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1001 CBRF						
1048 University of AK receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation will move the payment of municipal assistance from 2/1 forward to 7/31 of each State fiscal year. Investment income will be lost by the State because of this earlier payment. The income lost will be at the rate earned by the CBRF. This is because the general fund borrows from and has a large outstanding liability to the CBRF. Any disbursement of general fund moneys delays repayments to the CBRF.

This rate used to calculate the lost earnings has increased from last year. This is because of the passage of SB 303 which resulted in the Department of Revenue's implementing a new asset allocation which will result in increased total return.

Our fiscal note above assumes the payment is made on 7/31. Attached is a schedule which reflects the effect of payout dates ranging from 7/31 to 12/31.

Prepared by: Betty Martin, Comptroller Phone: 465-2350  
 Division: Treasury Date: January 17, 1997  
 Approved by Commissioner: Ross Kinney, Deputy Commissioner Date: January 17, 1997  
 Agency: Department of Revenue

***Analysis of Advance Payment of Municipal Assistance  
Income Lost to CBRF***

If Payment Made On:	<u>2/1/98</u>	<u>12/31/97</u>	<u>11/30/97</u>	<u>10/31/97</u>	<u>9/30/97</u>	<u>8/31/97</u>	<u>7/31/97</u>
Income Lost to CBRF:	0	\$167,569	\$335,137	\$502,706	\$670,274	\$837,843	\$1,005,412

**Assumptions:**

**\$28,726,047** = Municipal Assistance Payment

Payment borrowed from CBRF

CBRF Return = 7% (from FY97 draft investment policy for the CBRF)  
and capital market assumptions FY97

# FISCAL NOTE

Revision Date: January 15, 1997 Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to certain programs of state aid to municipalities and recipients in the ... BRU: none  
 Component none  
 Sponsor: Sen. Torgerson  
 Requestor: Senate C&RA COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

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

Estimate of current (FY97) impact \$ none

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

This bill would make changes in formula allocations and payment dates for the Municipal Assistance Program (AS 29.60.350-375). The implementation of these changes will require substantial transitional activities which will be performed by existing program staff (e.g., writing new regulations, modifying computer programs, etc.). However, these changes should not significantly affect the requirement for program administration on an ongoing basis. Consequently, no notable fiscal impacts are anticipated regarding the department's operations.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Division of Administrative Services Date: 1/16/97

Approved by Commissioner: *Kin Holmberg* Date: 1/16/97

Agency: Community & Regional Affairs

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moved Sen. Tergerson  
passed unanimous

0-LS0218VE.1

Cook

1/29/97

AMENDMENT

OFFERED IN THE SENATE

TO: CSSB 29(CRA)

BY SENATOR FRANCESCA  
~~SENATOR FRANCESCA~~ SON

COMMITTEE

Amendment Number: #1

Bill Number: CS SB 29

Sponsor: \_\_\_\_\_ Date: 1/20/97

Logged In By: Holtani

- 1 Page 4, lines 27 - 28:
- 2 Delete all material.
- 3 Insert 'allocate money to the base amount account and the per capita account in
- 4 the same proportion as under AS 29.60.360 and AS 29.60.370 ; , state fiscal year 1997."

A M E N D M E N T

OFFERED IN THE SENATE  
TO: CSSB 29(CRA)

BY SENATOR TORGERSON

SENATE FINANCE  
COMMITTEE #1 2  
Amendment Number: 2  
Bill Number: CS SB 79  
Sponsor: \_\_\_\_\_ Date: 1/30/97  
Logged In By: jsoltani

- 1 Page 7, line 8:
- 2 Delete "payment."
- 3 Insert "entitlement. (a)"

- 4 Page 7, lines 9 - 10:
- 5 Delete "AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180, 29.60.290, or 29.60.350"
- 6 Insert "AS 29.60.350 and also under AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180,
- 7 or 29.60.290,"

- 8 Page 7, line 11, following "than":
- 9 Insert "a minimum entitlement of"

- 10 Page 7, lines 11 - 12:
- 11 Delete "a minimum payment in"

- 12 Page 7, following line 13:
- 13 Insert new material to read:
- 14 " (b) If the total amount appropriated to the safe communities fund for a fiscal
- 15 year is less than \$29,402,300, the minimum entitlement under (a) of this section shall
- 16 be reduced by a percent equal to the percent of reduction that the amount appropriated
- 17 for that fiscal year represents when compared to \$29,402,300. However, the total
- 18 amount payable to the municipality under AS 29.60.010 - 29.60.080, 29.60.100 -
- 19 29.60.180, 29.60.290, and 29.60.350 may not be reduced under this subsection."

2(a)  
Torgerson moved  
passed  
unanimous  
no objection  
rescinded

divided  
passed  
unanimous

2(b)  
Torgerson  
moved  
unanimous

A M E N D M E N T

OFFERED IN THE SENATE  
TO: CSSB 29(CRA)

BY SENATOR TORGERSON

SENATE FINANCE  
COMMITTEE

Amendment Number: 4  
Bill Number: CSSB 29(CRA)  
Sponsor: \_\_\_\_\_ Date: 2-4-97  
Logged In By: P. Sepatveda

1 Page 7, line 8:

2 Delete "payment."

3 Insert "entitlement. (a)"

4 Page 7, lines 9 - 10:

5 Delete "AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180, 29.60.290, or 29.60.350"

6 Insert "AS 29.60.350 and also under AS 29.60.010 - 29.60.080, 29.60.100 - 29.60.180,  
7 or 29.60.290,"

8 Page 7, line 11, following "than":

9 Insert "a minimum entitlement of"

10 Page 7, lines 11 - 12:

11 Delete "a minimum payment in"

12 Page 7, following line 13:

13 Insert new material to read:

14 "(b) If the total amount appropriated to the safe communities fund for a fiscal  
15 year is less than \$29,402,300, the minimum entitlement under (a) of this section shall  
16 be reduced by a percent equal to the percent of reduction that the amount appropriated  
17 for that fiscal year represents when compared to \$29,402,300."

**SB 29: Examples of Effects of SB 29, and Proposed Amendments,  
on the Revenue Sharing (SRS) and Municipal Assistance (MA) Payments to Municipalities**

The proposed amendment, regarding "page 7, following line 13,"  
would take effect if there are cuts to the MA funding (i.e., MA is less than FY 97 \$29,402,300).  
For purpose of illustration, we have assumed hypothetical cuts of 0%, 10% and 20% for FY 97 Program Year

**With No Cuts: (SB 29 "2b" Amendment minimum entitlement = \$40,000)**

	existing law			SB 29 (as drafted) \$	% Change from "No Cuts"	SB 29 (with amendments) \$	% Change from "No Cuts"
	FY 97 SRS \$	FY 97 MA \$	Total FY 97\$				
Small:							
Aleknagik	\$29,094	\$6,140	\$35,234	\$39,914	0%	\$39,914	0%
Mid-size:							
Kenai	\$201,103	\$364,626	\$565,729	\$561,133	0%	\$561,133	0%
Large:							
Anchorage	\$6,460,947	\$12,964,382	\$19,425,329	\$19,295,620	0%	\$19,295,620	0%

**With 10% Cuts: (SB 29 "2b" Amendment minimum entitlement = \$36,000)**

	SB 29 (as drafted) \$	% Change from "No Cuts"	SB 29 (with amendments) \$	% Change from "No Cuts"
Small:				
Aleknagik	\$39,871	-0.11%	\$35,956	-9.89%
Mid-size:				
Kenai	\$503,678	-10.24%	\$505,859	-9.85%
Large:				
Anchorage	\$17,264,090	-10.53%	\$17,341,847	-10.13%

**With 20% Cuts: (SB 29 "2b" Amendment minimum entitlement = \$32,000)**

	SB 29 (as drafted) \$	% Change from "No Cuts"	SB 29 (with amendments) \$	% Change from "No Cuts"
Small:				
Aleknagik	\$39,804	-0.28%	\$32,707	-18.06%
Mid-size:				
Kenai	\$444,301	-20.82%	\$448,313	-20.11%
Large:				
Anchorage	\$15,198,227	-21.23%	\$15,340,885	-20.50%

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR PARNELL

TO: CSSB 29(CRA)

SENATE FINANCE  
COMMITTEE

Amendment Number: # 3  
Bill Number: CS SB 29  
Sponsor: \_\_\_\_\_ Date: 1/30/97  
Logged In By: Isolani

- 1 Page 2, line 15:
- 2 Delete "SAFE"
  
- 3 Page 3, line 2:
- 4 Delete "SAFE"
  
- 5 Page 4, line 19:
- 6 Delete "Safe"
  
- 7 Page 4, line 20:
- 8 Delete "safe"
  
- 9 Page 4, line 21:
- 10 Delete "safe"
  
- 11 Page 4, line 23:
- 12 Delete "safe"
  
- 13 Page 4, line 29:
- 14 Delete "safe"
  
- 15 Page 5, line 3:
- 16 Delete "safe"
  
- 17 Page 5, line 9:

1 Delete "safe"

2 Page 6, line 9:

3 Delete "safe"

4 Page 6, line 31:

5 Delete "safe"

6 Page 7, line 17:

7 Delete "safe"