

**HB**

**222**

<TARGET><BILL>HB 222</BILL><SUBJECT>HB  
222</SUBJECT><COMM>SFIN29</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/16

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

**Finance Committee** considered CS FOR HOUSE BILL NO. 222(FIN)

HB 222-INCREASE OF APPROPRIATION ITEM

"An Act relating to increases of appropriation items."

and recommends:

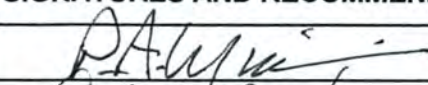
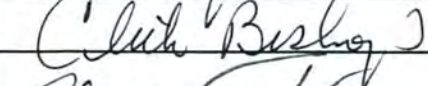


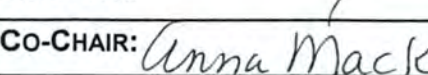
- [ ] be replaced with SCS \_\_\_\_\_ (\_\_\_\_\_) [ ] Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] adopt previous SCS \_\_\_\_\_ (\_\_\_\_\_) [ ] Same Title [ ] Technical Title Change  
[ ] New Title/SCR No. \_\_\_\_\_
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
LEG			✓	1

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	MICCICHE			✓	
	Bishop			✓	
	Dunsleavy	✓			
	Olson		✓		
	Hoffman			✓	
CO-CHAIR:					
CO-CHAIR: Anna MacKinnon	MacKinnon	✓			

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSHB 222(FIN)
Fiscal Note Number:	1
(H) Publish Date:	3/25/2016

Identifier: HB 222 LBA 3-16-16  
 Title: INCREASE OF APPROPRIATION ITEM  
 Sponsor: HAWKER  
 Requester: House Finance

Department: Alaska Legislature  
 Appropriation: Budget and Audit Committee  
 Allocation: Committee Expenses  
 OMB Component Number: 775

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>0.0</b>

**Fund Source (Operating Only)**

None							
<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version - no fiscal impact anticipated therefore a one-page, zero fiscal note is submitted.
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 Division: Legislative Budget & Audit  
 Approved By: Kris Curtis  
 Agency: Legislative Budget & Audit

Phone: (907)465-4199  
 Date: 03/16/2016 02:20 PM  
 Date: 03/16/2016

**REPORTED OUT OF**  
**HFC 03/24/2016**  
 Control Code: QRYRw



# REPRESENTATIVE MIKE HAWKER

ALASKA STATE LEGISLATURE • DISTRICT 28

Anchorage • Glen Alps • Rainbow • Indian • Bird • Girdwood • Portage

## House Bill 222 Sponsor Statement Version: CS HB 222 (FIN)

### Short Title: Increase of Appropriation Item

House Bill 222 closes a loophole in the process for accepting additional funds for items in the budget when the legislature is not in session, protecting Alaska's constitutional balance of powers.

The bill codifies a process for the legislature to put sidebars on the Revised Program Legislative (RPL) process by including language in the budget to prohibit a specified appropriation from being increased without full legislative approval.

This bill essentially gives substance to legislative intent language placed in a budget bill to restrict the Governor from accepting and spending certain additional receipts.

Currently, the Governor is allowed to accept and spend any and all additional federal or other program receipts without restriction or limitation; simply by complying with specified procedures for notifying the Legislative Budget and Audit Committee through the Revised Program Legislative (RPL) process. If the Committee votes affirmatively to approve the RPL, the Governor may immediately receive and spend those additional monies. If the committee does not act on the notification or recommends against the proposed expenditure, the Governor may still receive and expend those monies when 45 days have elapsed.

Additionally, the proposed legislation extends the waiting period to 90 days (from 45) from the date the notification is received and clarifies that the only time the waiting period is shortened is if the RPL is approved by a vote of the Legislative Budget and Audit committee.

PUBLISHED: 3/25/16

SESSION: State Capitol, Juneau, Alaska 99801 • (907) 465-4949  
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## Revised Program Legislative (RPL) Process Overview

The Constitution outlines the duties and responsibilities of the three branches of Government. The Governor, as head of the Executive branch, is responsible for submitting a budget, but the power of appropriation is reserved for the Legislative branch. The Legislature cannot delegate this power to the Executive branch nor to any Legislative committee; to do so would violate the separation of powers doctrine and be an unconstitutional delegation of authority. This means that the Executive branch can only spend what was approved by the full Legislature during the budget process.

Since the Legislature is only in session for part of the year, the intent of the RPL Process, codified in the late 1970s, was to provide a constitutional method to accept additional funds for items already approved in the budget from non-state sources that became available after the session concluded.

There are two steps necessary to accept RPLs:

1. The current fiscal year budget must include language appropriating additional, specified receipts that exceed the amounts included in the budget, contingent on following the process in AS 37.07.080(h); and
2. The governor must follow the process outlined in AS 37.07.080 (h) to submit the RPL to the Legislative Budget and Audit committee for review.

If the additional funds are for an existing appropriation item, the RPL language was included in the budget, and the statutory process is followed, the Legislative Budget and Audit committee can offer a recommendation on the RPL, but it is non-binding, and the Governor can accept the funds after a 45 day waiting period.

Due to the general nature of appropriation language in the operating budget, funds for a new program that is fully funded with federal receipts could be accepted via an RPL. However, an RPL cannot require additional matching funds or a change in statute.

## Language from FY16 Operating Budget

1 (j) The sum of \$19,623,350 is appropriated from the general fund to the Department  
2 of Administration for payment of obligations and fees for the following facilities for the fiscal  
3 year ending June 30, 2016:

4 FACILITY AND FEES	ALLOCATION
5 (1) Anchorage Jail	\$ 1,806,000
6 (2) Goose Creek Correctional Center	17,813,150
7 (3) Fees	4,200

8 (k) The amount necessary for state aid for costs of school construction under  
9 AS 14.11.100, estimated to be \$123,423,009, is appropriated to the Department of Education  
10 and Early Development for the fiscal year ending June 30, 2016, from the following sources:

11 (1) \$23,900,000 from the School Fund (AS 43.50.140);

12 (2) the amount necessary, after the appropriation made in (1) of this  
13 subsection, estimated to be \$99,523,009, from the general fund.

14 (l) The amounts appropriated to the Alaska fish and game revenue bond redemption  
15 fund (AS 37.15.770) during the fiscal year ending June 30, 2016, estimated to be \$5,300,000,  
16 are appropriated to the state bond committee for payment of debt service, accrued interest,  
17 and trustee fees on outstanding sport fish hatchery revenue bonds and for early redemption of  
18 those bonds.

19 \* **Sec. 24. FEDERAL AND OTHER PROGRAM RECEIPTS.** (a) Federal receipts,  
20 designated program receipts under AS 37.05.146(b)(3), information services fund program  
21 receipts under AS 44.21.045(b), Exxon Valdez oil spill trust receipts under  
22 AS 37.05.146(b)(4), receipts of the Alaska Housing Finance Corporation, receipts of the  
23 Alaska marine highway system fund under AS 19.65.060(a), receipts of the University of  
24 Alaska under AS 37.05.146(b)(2), and receipts of commercial fisheries test fishing operations  
25 under AS 37.05.146(c)(21), that are received during the fiscal year ending June 30, 2016, and  
26 that exceed the amounts appropriated by this Act, are appropriated conditioned on compliance  
27 with the program review provisions of AS 37.07.080(h).

28 (b) Federal designated program receipts under AS 47.07.060 for the proposed  
29 expansion of the state's Medicaid program may not be accepted or expended without an  
30 acceptable reformation plan and appropriation approved by the legislature.

31 (c) If federal or other program receipts under AS 37.05.146 and AS 44.21.045(b) that

## Current Statute

Title 37. PUBLIC FINANCE

Chapter 37.07. EXECUTIVE BUDGET ACT

Sec. 37.07.080. Program execution.

(h) The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedures:

(1) the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;

(2) 45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;

(3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if the governor determines to authorize the expenditure, the governor shall provide the Legislative Budget and Audit Committee with a statement of the governor's reasons before commencement of expenditures under the revised program.