

LEG. FINANCE - BILLS 1977 - 1978 863

HB 965 cont thru HB 968

1 Bonds No []

2 * Sec. 14. For the ballot proposition submitted to the voters in accor-
3 dance with sec. 13 of this Act, the division of budget and management of the
4 Office of the Governor shall prepare an impartial analysis of the fiscal
5 impact to the state of the measure. The analysis shall be written in clear
6 and concise terms which are easily understood by the average voter, and shall
7 avoid the use of technical terms wherever possible. The analysis may contain
8 background information and shall generally set out the information which the
9 average voter needs to understand the measure adequately. The analysis shall
10 include

11 (1) the financing summary determined by the New Capital Site
12 Planning Commission and contained in the House State Affairs Committee report
13 dated May 16, 1978, which indicates the total cost to the state of the
14 relocation of the capital;

15 (2) a revised statement of employment, labor force and population
16 impacts on Juneau prepared by the New Capital Site Planning Commission based
17 on the House State Affairs Committee report dated May 16, 1978, which indi-
18 cates the social impact on Juneau of the relocation of the capital;

19 (3) a study of projected costs of maintaining the capital in
20 Juneau prepared by the New Capital Site Planning Commission; and

21 (4) if funds for the study are appropriated by the legislature, a
22 study of projected costs of maintaining the capital in Juneau prepared by the
23 Legislative Budget and Audit Committee.

24 * Sec. 15. This Act takes effect upon the effective date of a version of
25 an Act entitled "An Act relating to planning for and development of the new
26 Alaska capital."

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Alaska Pacific Bank

May 22, 1978

Arliss Sturgulewski
Vice Chairman,
Capital Planning Commission
310 "K" Street
Anchorage, Alaska 99501

Dear Ms. Sturgulewski:

In my opinion the rate of inflation in Alaska over the next decade will average between 7 and 8% per year.

Forecasting the rate of inflation in Alaska is not as difficult as one might imagine because our inflation rates coincide precisely with those of the "Lower 48" in general. Running a mathematical regression analysis, using changes in the U.S. Consumer Price Index as the independent variable and changes in the Anchorage Consumer Price Index as the dependent variable, reveals a coefficient of correlation of .94. That is, 94% of the change in the Anchorage Consumer Price Index is due to changes in the U.S. Consumer Price Index in general. Local factors explain only 6% of the change in our consumer price index.

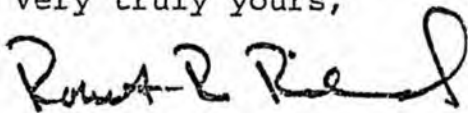
Because of this relationship, it is fairly easy to forecast future Anchorage inflation rates, simply by taking a look at the forecast of future inflation rates for the United States in general. Currently, the nation is undergoing a reacceleration of inflation. It appears as if the U.S. Consumer Price Index will rise about 7% this year. The general consensus of forecast, which I follow, calls for U.S. inflation rates to continue to creep upward, approaching 9 to 10% within a few years.

Arliss Sturgulewski
May 22, 1978 - Page 2

Historically, the rate of inflation in Anchorage has been less than the rate of inflation in the U.S. in general. (Note that I am talking about the rate of inflation, not absolute price levels. Indeed, absolute prices in Alaska have been higher than absolute prices in the "Lower 48".) During the pipeline boom years of 1975 and 1976, this situation was reversed, and the rate of inflation in Anchorage exceeded that of the "Lower 48." In 1977 the rates of inflation in Anchorage and the "Lower 48" were about equal, and I feel this year, 1978, we will resume the historical pattern of the rate of inflation in Alaska being slightly below that of the rate of inflation in the U.S. in general.

All of the foregoing lead me to conclude that the most reasonable rate of inflation to expect in Anchorage over the next decade is an average rate of 7 to 8%.

Very truly yours,



Robert R. Richards
Executive Vice President

RRR/yh

HB 965

Rural Alaska Community Action Program, Inc.

TO: Members of the 10th State Legislature DATE: May 18, 1978

FROM: Phil Smith, Executive Director

SUBJECT: Capital Move Legislation

For your information, I am re-transmitting a copy of RurAL CAP Resolution #77-02, expressing this organization's formal and public opposition to the proposed Capital Move.

Since this position was adopted by RurAL CAP, we have followed the debate with interest. In my opinion, nothing has been added to the public's knowledge of the facts of the issue which would indicate any change in our position; in fact, the more inflammatory the rhetoric has become, our position has seemed more and more logical and appropriate.

We appreciate your support in laying to rest this ill-conceived and demonstrably inappropriate policy.

PJS/sh1

Rural Alaska Community Action Program, Inc.

RESOLUTION 77-02

ENTITLED: IN OPPOSITION TO MOVING THE STATE CAPITAL FROM JUNEAU

- WHEREAS, Rural CAP is an organization designed primarily to serve and publicly protect the best interests of impoverished rural Alaskans, and
- WHEREAS, its Board of Directors is composed of individuals democratically selected to serve that purpose, and
- WHEREAS, a majority of the Alaskan voters chose to begin the process of moving the Capital of Alaska from Juneau to a location closer to the largest concentration of Alaska's citizens, and
- WHEREAS, that process has begun and the voters have selected Willow as the proposed location, and
- WHEREAS, projected costs for moving the Capital are astronomical, by any measure (ranging from an absolute minimum of \$109 million to \$2.5 million), and
- WHEREAS, the needs of Alaska's poor could be better served by applying a portion of these projected expenditures to provide services and opportunities for the poor to help themselves, and
- WHEREAS, a larger concentration of citizens and governmental offices in Southcentral Alaska will lead inevitably to an erosion of the political influence of rural Alaska's citizens, and
- WHEREAS, strong representation from rural Alaska, which includes over 95% of Alaska's land and virtually all of its renewable resources is of vital importance to all Alaskans, and
- WHEREAS, a variety of devices (enumerated below) are available to bring Government "closer to the people", all of which are being overlooked in the heat of the present real estate debate, and
- WHEREAS, the expenditure of public and private energy, emotions, finances, and political expertise are a waste of resources most properly applied to solving the real problems of Alaska, and
- WHEREAS, "all of the above" indicates that moving the Capital is demonstrably not in the best interests of the poor, rural Alaska, or the State as a whole, now, therefore, be it

RESOLVED: that the Rural Alaska Community Action Program, Inc. Board of Directors does publicly proclaim its opposition to moving the location of the State Capital from Juneau to any other location in the State; and, be it further

RESOLVED: that the Administration and the Legislature are urged to proceed with affirmative steps to "bring Government closer to the people: by enacting and implementing the following:

1. Through the use of existing satellite technology, provide two-way video and audio telecommunications services between the State Capital and all communities in Alaska with more than 25 permanent residents;
2. Take positive steps to decentralize the administration of all State Government services to regional centers throughout Alaska;
3. Provide funding for greater participation of the poor in the process of Administrative and Legislative decision-making, through such existing mechanisms as the Rural Alaska Community Action Program, the Citizen's Participation Conference, the Alaska Federation of Natives, and other non-profit grass-roots organizations;
4. Establish a legislative information system for rural Alaska by decentralizing the Legislative Affairs Agency to regional centers throughout the State;
5. Establish toll-free telephone numbers and legislative "listening posts" so that the right of the people to participate in Government is not abrogated by economic disability; and
6. Change the Time Zone in Southeastern Alaska to Yukon Standard, thereby encouraging a more orderly conduct of governmental affairs.

Adopted at a regular meeting of the Board of Directors of the Rural Alaska Community Action Program, Inc. held on February 26, 1977, in Juneau, Alaska.

Signed: _____

Gordon Jackson
Gordon Jackson, President
Rural CAP Board of Directors

Signed: _____

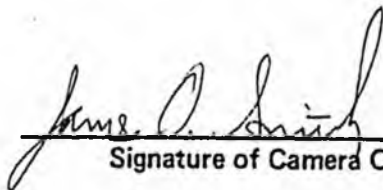
Philip J. Smith
Philip J. Smith, Executive Director
Rural Alaska Community Action Program, Inc.



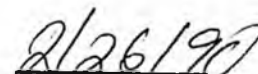
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

6/1/78

FURTHER: NONE

Date: June 1/ 1978

Mr. President:

The Committee on FINANCE has had HB 965

Issuance of general obligation bonds for paying capital construction costs of the new Alaska capital

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

and _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

[Signature]
[Signature]

OTHER RECOMMENDATIONS:

[Signature]
[Signature]

[Signature]

[Signature]
Chairman

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Indef
*HB 965*TO: Jay Hogan, Director
Legislative Finance Agency

DATE: May 26, 1978

FILE NO:

TELEPHONE NO:

FROM: David Reaume, Principal Economist
Division of Economic Enterprise*DR* SUBJECT: Capital Move Study

In the report to Senator Ray entitled "The Fiscal Context of the Capital Move" I introduced the concept of the maximum sustainable rate of growth of real State spending and used it to define annual State spending through 1994, in constant 1978 dollars. You have asked for a fuller explanation of why this was done. In addition, you have asked that I express annual capital move costs as a percent of the General Fund rather than as a percent of the General Fund and federal funds taken together.

The attached chart shows why I did not extrapolate spending at the six percent real rate likely for fiscal 1979. Using optimistic assumptions for the annual flow of total nonsustainable revenue (from Table III-1, "The Fiscal Context . . ."), and also for other revenue flows, we find that six percent annual growth of real State spending is not sustainable. As the graph shows, beyond 1993 the Permanent Fund would need to be drawn down in order to supplement the dwindling flow of nonsustainable revenue from existing sources. Since by present law this would be illegal, it is clear that six percent real growth could not be sustained.

The graph is of further interest because it shows that between 1978 and (about) 1987 the Permanent Fund grows quite rapidly. During these early years, six percent real spending growth leaves room for fairly large contributions to the Permanent Fund; certainly much larger than the legal minimum 25 percent of what I call "Permanent Fund Eligible" nonsustainable revenue. During this critical early period, myopic leaders could spend the State into a fiscal crisis while all the while appearing to make very generous contributions to the Permanent Fund. Contributions made during this period buildup the revenue generating asset base of the future.

In fairness, I must point out that the attached graph and, indeed, my entire analysis assumes that no massive new sources of petroleum revenue will be forthcoming. As we discussed in your office, assuming otherwise would be tantamount to "betting on the come."

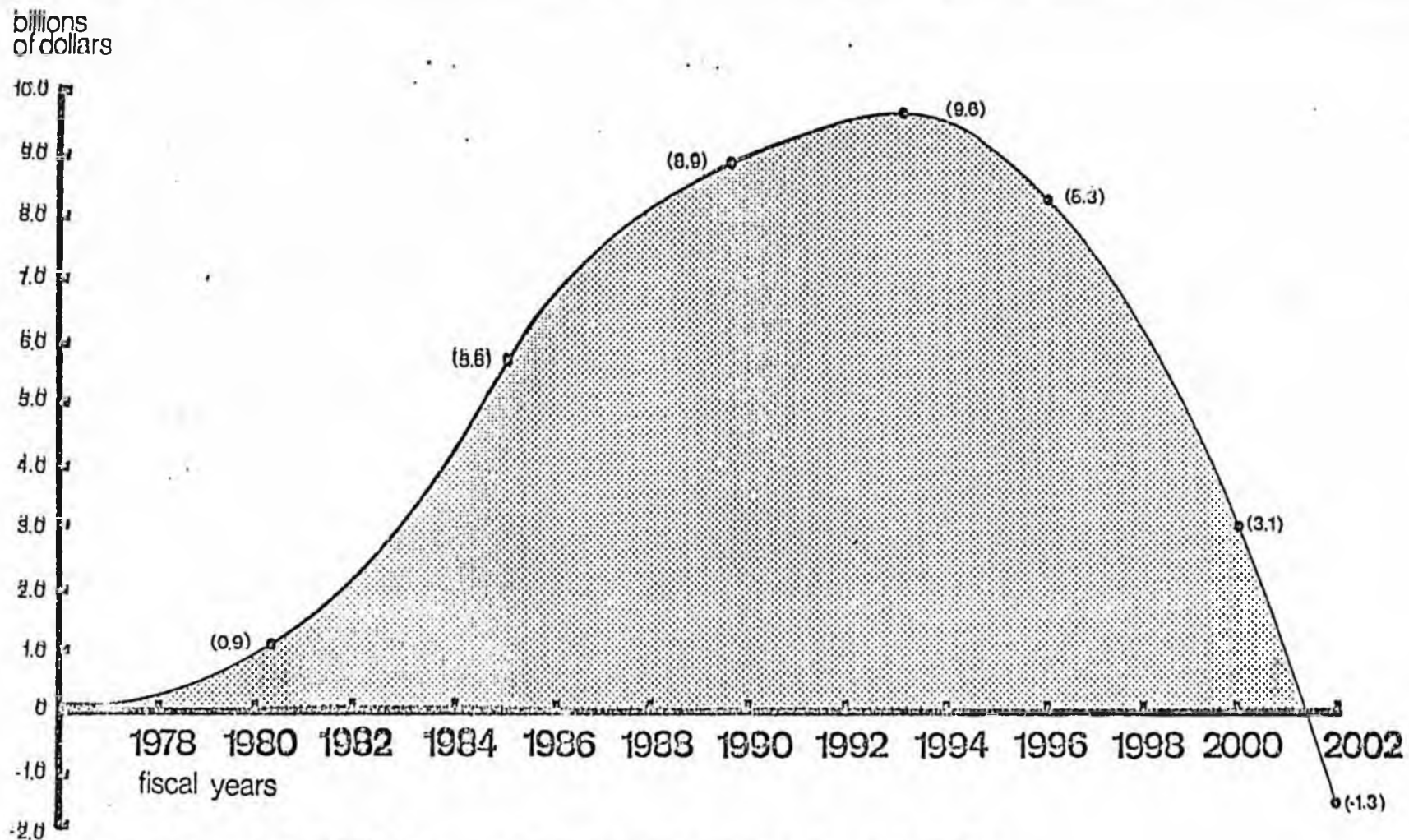
DISTRIBUTED BY SENATOR BILL RAY

Returning to the main thread of the explanation. Since present rates of growth of real State spending cannot be sustained, a reasonable question presents itself. Namely, what is the highest rate of growth of real State spending that can be sustained? The answer depends on one's revenue assumptions. In the report to Senator Ray, I defined annual State spending to be those annual levels achieved (under a given set of revenue assumptions) by letting real State spending grow at its highest sustainable rate. As you may recall, under the most optimistic revenue assumptions employed, this rate is only 2.1 percent real, that is 2.1 percentage points in excess of the rate of inflation.

Table IV-3, attached, responds to your request that I show capital move costs as a percent of the General Fund. As you can see from the Table, estimated capital move costs range up to 7.2 percent of the State's General Fund budget, depending on the budget assumptions employed. In the pessimistic case, real State spending from the General Fund grows by only 2/10 of one percent per year (Simulation 3, Table IV-1 of "The Fiscal Context . . ."), while in the optimistic case it grows by 2.1 percent per year (Simulation 9, Table IV-1, "The Fiscal Context . . ."). In both cases, base year General Fund spending is slightly less than \$800 million (FY 1977).

If I can be of further assistance in this matter, please call on me.

DMR/mh/4/10



PERMANENT FUND BALANCE

State spending at 6% per year + inflation

note: Assumes renewable resource revenue grows at 5% per year in excess of inflation, and that the permanent fund earns at an interest rate equal to the rate of inflation plus 3.75%.

TABLE IV-3
CAPITAL MOVE COSTS
DIVIDED BY
GENERAL FUND SPENDING

	<u>Pessimistic</u>	<u>Optimistic</u>
1978		
1979		
1980		
1981	.0024	.0022
1982	.0221	.0201
1983	.0326	.0291
1984	.0344	.0302
1985	.0391	.0337
1986	.0441	.0372
1987	.0478	.0396
1988	.0662	.0539
1989	.0673	.0538
1990	.0653	.0512
1991	.0701	.0539
1992	.0691	.0521
1993	.0715	.0530
1994	.0716	.0520

TABLE III - 3 (A)

NEW CAPITAL CITY (1029) = 9.5 PCT. INFLATION

STATE REQUIREMENTS - SUMMARY
(000) (CASH PROVIDED)

8%

	TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
STATE BONDS																
BONDS FOR STATE OFFICE COMPLEX	811844	2740	17388	50910	55546	42426	33380	40582	41810	53072	54314	82366	88194	113239	91119	44638
STATE HIGHWAY BONDS	72571	2398			1050	11661	4719	5167	14869	16282	6784					
STATE UNIVERSITY BONDS	11469						4884	6585								
STATE SCHOOL BONDS	299822	2891	13621	10216	9455	21152	18181	22543	14877	23987	41820	32369	22168	24273	26579	15689
STATE GRANT BONDS FOR LAND DEVELOPMENT	308497	1007	7024	15750	8964	19913	9422	22808	9784	44918	41197	42287	36556	50388	40835	37644
STATE GRANT BONDS FOR MUNICIPALITY	77332		7041	12518	4048	7385	8958	7543	2926	7785	7012	5523	3006	2294	741	551
TOTAL STATE BONDS	1661495	9044	45075	89394	88761	102536	79552	135227	84267	146044	151127	162545	149929	190195	159275	98522
STATE GENERAL FUND																
DEBT SERVICE ON STATE BONDS	950828	271	2334	8527	18045	27658	37397	45794	55339	64777	78963	93454	118008	122293	138361	149608
STATE LOANS TO DEV. CORP.	19826	12945	6880													
LOANS TO DEV. CORP.	19826	12945	6880													
REPAYMENT OF LOANS	19626			499	5147	7021	7159									
NET POSITIVE CASH FLOW	450964						563	11987	14610	36709	27237	57547	68828	92041	84569	66773
INTEREST ON LOANS	5141	453	1147	1370	1173	747	251									
OPPORTUNITY COST	5141	453	1147	1370	1173	747	251									
SUBTOTAL	460964	12945	6880	499	5147	7021	7722	11987	14610	36709	27237	57547	68828	92041	84669	66773
HOUSING FINANCE CORP. (AHFC)																
BOND PARTICIPATION	126636			4702	6983	7995	8693	7052	7392	13242	10688	9753	11979	15056	13937	11361
REPAYMENT OF PRINCIPAL	8730			21	77	151	240	331	424	551	705	854	1020	1223	1452	1602
INTEREST	51337			176	611	1164	1776	2345	2859	3597	4447	5156	5902	6832	7820	8652
SUBTOTAL	60768			4505	6295	6679	6677	4376	4110	9094	5536	3744	5058	7003	4665	1028
STATE HOUSING AUTHORITY (ASHA)																
LOANS	58044					7020			9353		11458		13739		16473	
REPAYMENT OF PRINCIPAL	7281					86	174	178	296	417	566	719	901	1089	1313	1542
INTEREST	5124					70	137	134	223	309	415	516	638	755	897	1032
SUBTOTAL	45539					6864	311	311	8834	726	10478	1234	12200	1644	14264	2574
STATE/MUNICIPAL REV. SHARING	53654			98	350	719	1146	1663	2202	3135	4174	5488	7343	9697	12407	15152
SCHOOL AID (INC. FOUND'T'N AID)	273457			420	1544	3088	4922	7142	9800	13465	17925	23570	31534	41652	53198	65096
RELOCATION COSTS	41397			1239	1357	1486	1627	1781	1951	3421	3746	4101	4491	4918	5365	5836
JUNEAU INDEMNIFICATION RELATED	511282	1295	709	17457	19125	15471	16963	18795	20390	49419	54242	52406	57462	56741	62317	68490
TOTAL GENERAL FUND	1494071	14512	9923	31747	41579	54944	60698	67254	88095	105875	147827	123960	157266	148418	206028	235924
TOTAL ANNUAL	3156566	23556	54997	121142	130342	157480	140250	171401	172362	251918	298954	286525	307197	338612	365303	334446
TOTAL CUMULATIVE		23556	78554	199595	330037	487517	627767	800248	972610	1224529	1523483	1810008	2117205	2455817	2821120	3155566
LESS BOND AMORTIZATION			452	3158	10334	21948	38680	59406	85386	115579	153074	190125	251304	311979	382164	460313
CUM NET REQUIREMENTS		23556	78101	196537	319703	465569	589079	740842	887224	1108950	1370409	1611832	1865900	2143638	2438955	2695253

Interest beyond 1994 = 573.3 million

CASH FLOW SUMMARY (FOF)

NEW CAPITAL CITY (102%) v 9.5 PCT. INFLATION

CAPITAL ACCOUNTS

	TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
CAPITAL FACILITIES																
380 SPECIAL COMM. FACILITIES	v4902	v25		v164	v4132	v52	v57	v62	v68	v74	v81	v89	v98			
517 COKE SPIRE ROAM	v12763		v276	v2063	v701	v767	v2407	v1075	v1335	v467	v547	v594	v651	v1425		
524 CORE PARKING	v66932			v7562		v800	v1601	v8009	v652	v7893	v261	v15050	v755	v3135	v4682	v16532
710 LAND COST																
730 CONST.	v612949	v2723	v17152	v38337	v42420	v72514	v23251	v20079	v34286	v37414	v47014	v57509	v76280	v95023	v65779	v15169
735 FIXTURES, EQUIP., FURNISHINGS	v114298			v2784	v8393	v8293	v6073	v3357	v5469	v6724	v6415	v9123	v10416	v13656	v20558	v12937
SUBTOTAL	v811844	v2748	v17388	v50910	v55646	v42426	v33388	v40582	v41810	v53072	v54314	v82366	v88199	v113239	v91119	v44638
STATE HIGHWAY DEPT																
10 FREEWAY R.O.W.	v2398	v2398														
510 MAJOR ROADS																
511 CAPITAL ACCESS FREEWAY	v41609				v10650	v11661			v9211	v10086						
519 FREEWAY INTERCHANGES	v28524						v4719	v5167	v5658	v6196	v6784					
SUBTOTAL	v72531	v2398			v10650	v11661	v4719	v5167	v14869	v16282	v6784					
OTHER MAJOR INVESTMENT																
410 AIRPORT	v5208	v1007	v1103	v2415		v310		v372								
420 RAIL SPUR																
520 MAJOR SEWER	v6656			v157	v1047	v1165	v67		v48	v579	v192	v52	v2501	v379	v215	v235
530 MAJOR WATER	v18922			v1071	v630	v276	v1510	v512		v2999		v3863	v2603	v2476	v1424	v1559
1013 STATE GRANTS FOR CONST. OF UTIL	v82256		v565	v4937	v1825	v6200	v1649	v14422	v40	v9600	v112	v14434	v5104	v19650	v1639	v1754
1017 STATE GRANTS FOR LAND DEVELOPME	v275455		v5357	v7170	v5463	v11942	v6196	v7503	v9608	v31740	v40814	v23938	v26347	v27683	v37558	v34056
SUBTOTAL	v388497	v1007	v7024	v15750	v8964	v19913	v9422	v22808	v9784	v44918	v41197	v42287	v36556	v50388	v40835	v37644
UNIVERSITY OF ALASKA																
710 LAND COST																
730 CONST.	v10232						v4884	v5348								
735 FIXTURES, EQUIP., FURNISHINGS	v1237							v1237								
SUBTOTAL	v11469						v4884	v6585								
STATE DEPT OF EDUCATION																
710 LAND COST																
1010 STATE GRANTS FOR SCHOOL CONST.	v299822	v2891	v13621	v10216	v9455	v21152	v18101	v22543	v14877	v23987	v41820	v32369	v22168	v24273	v26579	v15689
SUBTOTAL	v299822	v2891	v13621	v10216	v9455	v21152	v18181	v22543	v14877	v23987	v41820	v32369	v22168	v24273	v26579	v15689
LOCAL GOV'T SUPPORT																
1015 STATE GRANTS FOR MUNICIPAL CONS	v77332		v7041	v12518	v4040	v7385	v8958	v7543	v2926	v7785	v7012	v5523	v3006	v2294	v741	v551
TOTAL	v1661495	v9044	v45075	v89794	v80763	v102536	v79552	v105227	v84267	v146044	v151127	v162545	v149929	v190195	v159275	v98522

05/24/78 1:06 PM FORHAT

334

ALASKA

BOND DEBT SERVICE SCHEDULE

NEW CAPITAL CITY (1029) v 9.5 PCT. INFLATION

	TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
DRAWS																	
FINANCING	1661495	9044	45075	89396	88763	102536	79552	105277	84267	146044	151127	162545	149929	190195	159275	98522	
DEBT SERVICE																	
AMORT	1661495		452	2706	7176	11614	16741	20718	25980	30193	37495	45051	53179	60675	70185	78149	83075
INTEREST	1046742	271	1681	5821	10869	16044	20656	25076	29360	34584	41468	48402	54829	61617	68176	74460	80579
SUBTOTAL	2708236	271	2334	8527	18045	27658	37397	45794	55339	64777	78963	93454	108008	122293	138361	149608	152653
ANNUAL CASH	1046742	v8773	v42741	v80868	v70718	v74870	v42155	v59433	v28927	v81267	v72163	v69091	v41921	v67902	v20915	51086	152653
CUM CASH	3103086	v8773	v51514	v132382	v203100	v277978	v320133	v379567	v408494	v489761	v561924	v631016	v672936	v740638	v761753	v710667	v558014
BALANCES																	
CUM FIN.	44097641	9044	54119	143513	232276	334812	414364	519592	603858	749902	901029	1063574	1213502	1403697	1562972	1661495	1661495
AMORT	v26651948		v452	v3158	v10334	v21948	v38680	v59406	v85386	v115579	v153074	v198125	v251304	v311979	v382164	v460313	v543387
SUBTOTAL	17445693	9044	53667	140355	221942	312865	375676	460165	518472	634323	747955	865448	962198	1091718	1180608	1201182	1118107

	TOTAL	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
DEAMS																	

FINANCING	1661495																
DEBT SERVICE																	

AMORT	1661495	83075	83073	83075	83075	83075	82623	80369	75899	71451	66334	62357	57095	52882	45560	38023	29896
INTEREST	1046742	64594	59610	54625	49641	44656	39685	34796	30100	25667	21553	17692	14109	10609	7655	5347	3310
SUBTOTAL	2708236	147669	142684	137700	132715	127731	122308	115164	106007	97148	87887	80049	71204	63691	53435	43371	33206
ANNUAL CASH	1046742	147669	142684	137700	132715	127731	122308	115164	106007	97148	87887	80049	71204	63691	53435	43371	33206
CUM CASH	3183086	410345	267660	129960	2755	130486	252794	367958	473965	571113	659000	739048	810252	873943	927378	970749	1003955
BALANCES																	

CUM FIN. AMORT	44097641	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495	1661495
SUBTOTAL	26651948	626462	709537	792612	875686	958761	1041984	1121752	1197651	1269112	1335447	1397807	1454698	1507760	1553360	1591383	1621279
SUBTOTAL	17445693	1035032	951958	868803	785808	702734	620111	539742	463843	392382	326048	263692	206596	153715	108135	70112	40216

	TOTAL	2012	2013	2014
	*****	*****	*****	*****
DEBTS				

FINANCING	1661495			
DEBT SERVICE				

AMORT	1661495	22400	12890	4926
INTEREST	1046742	1741	682	148
SUBTOTAL	2708236	24141	13572	5074
ANNUAL CASH	1046742	24141	13572	5074
CUM CASH	3183086	1028096	1041668	1046742
BALANCES				

CUM. FIN.	44097641	1661495	1661495	1661495
AMORT	26651948	1643679	1656568	1661495
SUBTOTAL	17445693	17815	4926	

CDC PROPERTIES SUMMARY CASH ACCOUNTING

\$(000)

TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	
CAPITAL COSTS																
710 LAND COST	27326	189		809	1151	2056	1203	1713	2251	1859	2646	3655	1952	2939	2341	2563
710 CONST.	224852	644	2116	7282	8890	13438	20713	16112	15212	19200	16239	18877	27515	22634	18498	15475
SUBTOTAL	252178	833	2116	8091	10041	15493	21916	17825	17462	21067	20885	22532	29467	25573	20839	18038
FINANCING																
1050 MORTGAGE FINANCING	234934	750	1904	7648	9438	14383	20212	16576	16301	19614	19513	20906	27207	23768	19579	17136
ANNUAL DEVELOPMENT INVESTMENT	17244	83	212	443	603	1111	1704	1249	1162	1453	1372	1626	2260	1805	1260	902
ANNUAL CASH FLOW																
775 NET AVAIL. FOR DEBT SVCE.	155951	29	137	483	1218	2272	3878	5551	7354	9718	12096	15065	18572	22389	26347	30643
960. DEBT SERVICE	105796	29	132	501	1151	2082	3419	4842	6113	7501	9014	10576	12436	14407	16082	17502
SUBTOTAL	50155		6	18	56	189	458	710	1241	2216	3083	4489	6136	7982	10265	13341
INTEREST ON INVESTMENT (7.0%/)	289	3	12	32	53	70	80	40								
NET ANNUAL INVESTMENT	32621	86	218	492	600	991	1326	579	79	764	1710	2864	3676	6177	9004	12439
CUMULATIVE INVESTMENT		86	305	797	1397	2388	3714	4293	4213	3449	1739	1124	5000	11177	20182	32621

SUMMARY OF ECONOMIC PLAN
 UTILITY COMPANY
 (\$ = 000'S)

NEW CAPITAL CITY (102%) + 9.5 PCT. INFLATION

TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	
OPERATING ACCOUNTS																
ASSESSMENT INCOME	8976			79	80	154	221	326	426	597	764	1041	1347	1776	2205	
OPERATING INCOME	385965	480	525	919	2802	5055	7954	11306	15275	20119	26058	34041	44469	57015	72074	87793
GROSS INCOME	394941	480	525	919	2841	5135	8108	11607	15601	20545	26655	34605	45510	58362	73850	89998
OPERATING EXPENSES	210947	480	525	583	1309	2478	4320	5613	8600	10710	14339	17992	23990	31035	40156	48596
AVAILABLE FOR DEBT SERVICE	183994			336	1533	2657	3769	5774	7001	9835	12316	16813	21520	27327	33694	41401
DEBT SERVICE																
NET AFTER DEBT SERVICE	183994			336	1533	2657	3769	5774	7001	9835	12316	16813	21520	27327	33694	41401
CAPITAL ACCOUNTS																
CAPITAL COSTS	82256	565	4937	1825	6200	1649	14422	48	9600	192	14434	5104	19850	1639	1794	
INTEREST TO SPONSOR																
INTEREST TO OTHERS																
TOTAL CAPITAL REQUIRED	82256	565	4937	1825	6200	1649	14422	48	9600	192	14434	5104	19850	1639	1794	
FINANCING REQUIRED																
ANNUAL POSITION	101738	565	4601	292	3542	2139	8648	6953	235	12125	2374	16416	7477	32055	39607	
CUMULATIVE POSITION		565	5165	5457	9000	6861	15508	8556	8321	3804	6183	22598	30076	62131	101738	
SOURCES OF FUNDS																
REVENUE BONDS																
OTHER FINANCING			565	5501	7326	13526	15175	29596	29644	39244	39436	53870	58974	78824	80462	82256
SPONSOR LOANS																
TOTAL SOURCES			565	5501	7326	13526	15175	29596	29644	39244	39436	53870	58974	78824	80462	82256
CASH BALANCE																
CASH				336	1869	4526	8314	14088	21089	30923	43240	60053	81573	108699	142593	183994

SUMMARY OF ECONOMIC PLAN

NEW CAPITAL CITY (1029) v 9.5 PCT. INFLATION

MUNICIPALITY

(\$ v 000'S)

TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
OPERATING ACCOUNTS															
ASSESSMENT INCOME				990	2133	4024	5768	8516	11082	15495	19832	27004	35027	46188	57308
OPERATING INCOME	172504	240	263	566	970	1940	3091	4486	6154	8455	11257	14801	19803	26153	33460
GROSS INCOME	405971	240	263	666	1960	4073	7115	10254	14670	19537	26752	34633	46807	61180	79648
OPERATING EXPENSES	v339546	v240	v263	v566	v1915	v3628	v6101	v8853	v12146	v16689	v22219	v29215	v39088	v51620	v66043
AVAILABLE FOR DEBT SERVICE	66426			45	244	1014	1400	2524	2849	4533	5419	7720	9560	13605	17514
DEBT SERVICE															
NET AFTER DEBT SERVICE	66426			45	244	1014	1400	2524	2849	4533	5419	7720	9560	13605	17514
CAPITAL ACCOUNTS															
CAPITAL COSTS	v77332	v7041	v12518	v4048	v7385	v8958	v7543	v2926	v7785	v7012	v5523	v3006	v2294	v741	v551
INTEREST TO SPONSOR															
INTEREST TO OTHERS															
TOTAL CAPITAL REQUIRED	v77332	v7041	v12518	v4048	v7385	v8958	v7543	v2926	v7785	v7012	v5523	v3006	v2294	v741	v551
FINANCING REQUIRED															
ANNUAL POSITION	v10906	v7041	v12518	v4003	v7140	v7944	v6143	v403	v4936	v2479	v104	4713	7265	12864	16963
CUMULATIVE POSITION		v7041	v19560	v23562	v30703	v38647	v44790	v45192	v50128	v52607	v52711	v47998	v40733	v27869	v10906
SOURCES OF FUNDS															
REVENUE BONDS															
OTHER FINANCING		7041	19560	23608	30992	39950	47493	50419	58204	65216	70738	73745	76039	76781	77332
SPONSOR LOANS															
TOTAL SOURCES		7041	19560	23608	30992	39950	47493	50419	58204	65216	70738	73745	76039	76781	77332
CASH BALANCE															
CASH				45	289	1303	2703	5227	8075	12608	18027	25747	35307	48912	66426

SUMMARY OF ECONOMIC PLAN

NEW CAPITAL CITY (1029) - 9.5 PCT. INFLATION

PUBLIC EDUCATION

(\$ - 000'S)

TOTAL	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	
OPERATING ACCOUNTS																
ASSESSMENT INCOME	116676			495	1065	2011	2887	4255	5541	7748	9913	13502	17513	23096	28654	
OPERATING INCOME	286228		626	1598	3200	5373	7404	10433	13952	16607	24468	32784	43127	55478	68950	
GROSS INCOME	402904		626	2093	4265	7384	10267	14688	19503	25355	34401	46286	60840	78574	97604	
OPERATING EXPENSES	407383		626	2300	4601	7333	10640	14600	20059	26704	35113	46978	62051	79401	96976	
AVAILABLE FOR DEBT SERVICE	4479			208	336	51	354	88	556	349	712	693	1211	828	628	
DEBT SERVICE	2613			9	35	51	69	87	116	166	227	307	416	537	592	
NET AFTER DEBT SERVICE	7092			217	371		423	1	672	516	939	1000	1626	1365	36	
CAPITAL ACCOUNTS																
CAPITAL COSTS	299822	2891	13621	10216	9455	21152	18181	22543	14877	23987	41820	32369	22168	24273	26579	15689
INTEREST TO SPONSOR																
INTEREST TO OTHERS																
TOTAL CAPITAL REQUIRED	299822	2891	13621	10216	9455	21152	18181	22543	14877	23987	41820	32369	22168	24273	26579	15689
FINANCING REQUIRED																
ANNUAL POSITION	306914	2891	13621	10216	9573	21523	18181	22966	14877	24659	42335	33308	23167	25900	27945	15653
CUMULATIVE POSITION		2891	16512	26728	36401	57924	76105	99071	113947	136606	180941	214249	237417	263317	291261	306914
SOURCES OF FUNDS																
REVENUE BONDS				217	586	586	1002	1002	1661	2152	3052	3994	5538	6767	6767	
OTHER FINANCING		2691	16512	26728	36184	57335	75517	96060	112937	136924	178743	211112	233280	257553	284133	299822
SPONSOR LOANS																
TOTAL SOURCES		2891	16512	26728	36400	57921	76102	99062	113939	136585	180896	214165	237274	263091	290420	306609
CASH BALANCE																
CASH						3	2	9	8	22	46	84	142	225	341	305

Original sponsor: State Affairs Committee

Offered: 5/23/78
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 965

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for the issuance of general obligation bonds in the amount of \$448,800,000 for the purpose of paying capital construction costs of the new Alaska capital; and providing for an effective date."

7

8

9

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

11

* Section 1. For the purpose of paying the costs of capital improvements for the new state capital, general obligation bonds of the state in the principal amount of not more than \$448,800,000 shall be issued and sold. The full faith, credit and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on these bonds. These bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance. It is the intention of the legislature that the bonds be issued by the state bond committee in no greater than the following amounts in the following years: 1978 - none; 1979 - none; 1980 - \$9,300,000; 1981 - \$46,900,000; 1982 - \$88,000,000; 1983 - \$83,200,000; 1984 - \$93,100,000; 1985 - \$66,500,000; 1986 - \$36,800,000; 1987 - \$25,000,000. However, if the board of directors of the Alaska Capital City Development Corporation (AS 44.63.020) makes recommendations to the state bond committee as to a different schedule of bonds to be issued for the purpose of this section consistent with the recommendation made by the committee established under AS 44.63.170, the state bond committee shall issue the bonds in accordance with the recommendations unless the state bond committee determines that the orderly marketing of state general obligation bonds requires either the above schedule or a new schedule.

29

1 * Sec. 2. If the qualified voters of the state approve the issuance of
2 these bonds, a special fund of the state to be known as the "1978 New Capital
3 Facilities Construction Fund" shall be established, to which shall be
4 credited \$192,800,000 of proceeds of the sale of the bonds described in sec.
5 1 of this Act, except for the accrued interest and premiums. There is appro-
6 priated from the "1978 New Capital Facilities Construction Fund" to the
7 Alaska Capital City Development Corporation the amount of \$192,800,000. The
8 governor shall allocate the proceeds of these bonds to the corporation for
9 capital facilities projects in accordance with the development program of the
10 corporation.

11 * Sec. 3. If the qualified voters of the state approve the issuance of
12 these bonds, a special fund of the state to be known as the "1978 New Capital
13 Water, Sewer and Heating Construction Fund" shall be established, to which
14 shall be credited \$5,900,000 of proceeds of the sale of the bonds described
15 in sec. 1 of this Act, except for the accrued interest and premiums. There
16 is appropriated from the "1978 New Capital Water, Sewer and Heating Plant
17 Construction Fund" to the Alaska Capital City Development Corporation the
18 amount of \$5,900,000. The governor shall allocate the proceeds of these
19 bonds to the corporation for water, sewer and heating projects in accordance
20 with the development plan of the corporation.

21 * Sec. 4. If the qualified voters of the state approve the issuance of
22 these bonds, a special fund of the state to be known as the "1978 New Capital
23 School Construction Fund" shall be established, to which shall be credited
24 \$66,300,000 of proceeds of the sale of the bonds described in sec. 1 of this
25 Act, except for the accrued interest and premiums. There is appropriated
26 from the "1978 New Capital School Construction Fund" to the Matanuska-Susitna
27 Borough the amount of \$66,300,000. The governor shall allocate the proceeds
28 of these bonds to the Matanuska-Susitna Borough for school projects in accor-
29 dance with the development plan of the Alaska Capital City Development Cor-

1 poration.

2 * Sec. 5. If the qualified voters of the state approve the issuance of
3 these bonds, a special fund of the state to be known as the "1978 New Capital
4 University of Alaska Construction Fund" shall be established, to which shall
5 be credited \$10,300,000 of proceeds of the sale of the bonds described in
6 sec. 1 of this Act, except for the accrued interest and premiums. There is
7 appropriated from the "1978 New Capital University of Alaska Construction
8 Fund" to the Alaska Capital City Development Corporation the amount of
9 \$10,300,000. The governor shall allocate the proceeds of these bonds to
10 University of Alaska projects in accordance with the development program of
11 the corporation and in accordance with agreements between the University of
12 Alaska and the corporation.

13 * Sec. 6. If the qualified voters of the state approve the issuance of
14 these bonds, the following further special funds of the state shall be estab-
15 lished to which shall be credited the following amounts of the sale of bonds
16 described in sec. 1 of this Act, except for the accrued interest and pre-
17 miums:

18	(1) 1978 New Capital Highway Construction Fund	\$45,100,000
19	(2) 1978 New Capital Airport Construction Fund	5,000,000

20 These amounts are appropriated from the funds to the Department of Transpor-
21 tation and Public Facilities for the purpose of highway and airport construc-
22 tion and shall be allocated by the governor for expenditure in accordance
23 with the general development plan of the Alaska Capital City Development
24 Corporation.

25 * Sec. 7. If the qualified voters of the state approve the issuance of
26 these bonds, a special fund of the state to be known as the "1978 New Capital
27 Transportation Infrastructure Construction Fund" shall be established, to
28 which shall be credited \$18,700,000 of the proceeds of the sale of the bonds
29 described in sec. 1 of this Act, except for the accrued interest and pre-

1 miums. There is appropriated from the "1978 New Capital Transportation
2 Infrastructure Construction Fund" to the Alaska Capital City Development
3 Corporation the amount of \$18,700,000. The governor shall allocate the
4 proceeds of these bonds to the corporation for transportation infrastructure
5 projects in accordance with the development plan of the corporation.

6 * Sec. 8. If the qualified voters of the state approve the issuance of
7 these bonds, a special fund of the state to be known as the "1978 New
8 Capital Land Development Fund" shall be established, to which shall be
9 credited \$30,300,000 of the proceeds of the sale of the bonds described in
10 sec. 1 of this Act, except for the accrued interest and premiums. There is
11 appropriated from the "1978 New Capital Land Development Fund" to the Alaska
12 Capital City Development Corporation the amount of \$30,300,000. The governor
13 shall allocate the proceeds of these bonds to the corporation for land de-
14 velopment projects in accordance with the development plan of the corpora-
15 tion.

16 * Sec. 9. If the qualified voters of the state approve the issuance of
17 these bonds, a special fund of the state to be known as the "1978 New Capital
18 Municipal Construction Fund" shall be established, to which shall be credited
19 \$47,000,000 of the proceeds of the sale of the bonds described in sec. 1 of
20 this Act, except for the accrued interest and premiums. There is appro-
21 priated from the "1978 New Capital Municipal Construction Fund" to the Alaska
22 Capital City Development Corporation the amount of \$47,000,000. The governor
23 shall allocate the proceeds of these bonds to the corporation for municipal
24 capital improvements in accordance with the development plan of the corpora-
25 tion.

26 * Sec. 10. If the qualified voters of the state approve the issuance of
27 these bonds, a special fund of the state to be known as the "1978 New Capital
28 Utilities Infrastructure Construction Fund" shall be established, to which
29 shall be credited \$27,400,000 of the proceeds of the sale of the bonds de-

1 scribed in sec. 1 of this Act, except for the accrued interest and premiums.
2 There is appropriated from the "1978 New Capital Utilities Infrastructure
3 Construction Fund" to the Alaska Capital City Development Corporation the
4 amount of \$27,400,000. The governor shall allocate the proceeds of these
5 bonds to the corporation for utility infrastructure projects in accordance
6 with the development plan of the corporation.

7 * Sec. 11. If the qualified voters of the state approve the issuance of
8 these bonds, the amount of \$1,500,000 or as much of that amount as is found
9 necessary is appropriated from the general fund to the state bond committee
10 to carry out the provisions of this section and to pay expenses incident to
11 the sale and issuance of the bonds authorized in this Act. The amounts
12 expended from the appropriation authorized by this section shall be reim-
13 bursed to the general fund from the proceeds of the sale of the bonds autho-
14 rized by this Act.

15 * Sec. 12. Any amount withdrawn from the public facility planning fund
16 for the purpose of advance planning for the improvements financed under this
17 Act shall be reimbursed to the fund from the proceeds of the sale of bonds
18 authorized by this section.

19 * Sec. 13. The question whether the bonds authorized in this Act are to
20 be issued shall be submitted to the qualified voters of the state at the next
21 general election and shall read substantially as follows:

22 Proposition

23 State General Obligation New State Capital

24 Construction Bonds 448,800,000

25 Shall the State of Alaska issue its general obligation bonds
26 in the principal amount of not more than \$448,800,000 for the
27 purpose of paying the costs of capital improvements for the
28 new state capital?

29 Bonds Yes []

Bonds No []

* Sec. 14. For the ballot proposition submitted to the voters in accordance with sec. 13 of this Act, the division of budget and management of the Office of the Governor shall prepare an impartial analysis of the fiscal impact to the state of the measure. The analysis shall be written in clear and concise terms which are easily understood by the average voter, and shall avoid the use of technical terms wherever possible. The analysis may contain background information and shall generally set out the information which the average voter needs to understand the measure adequately. The analysis shall include

(1) the financing summary determined by the New Capital Site Planning Commission and contained in the House State Affairs Committee report dated May 16, 1978, which indicates the total cost to the state of the relocation of the capital;

(2) a revised statement of employment, labor force and population impacts on Juneau prepared by the New Capital Site Planning Commission based on the House State Affairs Committee report dated May 16, 1978, which indicates the social impact on Juneau of the relocation of the capital;

(3) a study of projected costs of maintaining the capital in Juneau prepared by the New Capital Site Planning Commission; and

(4) if funds for the study are appropriated by the legislature, a study of projected costs of maintaining the capital in Juneau prepared by the Legislative Budget and Audit Committee.

* Sec. 15. This Act takes effect upon the effective date of a version of an Act entitled "An Act relating to planning for and development of the new Alaska capital."

Original sponsor: State Affairs Committee

Offered: 5/23/78
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 965

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for the issuance of general obligation bonds in the amount of \$448,800,000 for the purpose of paying capital construction costs of the new Alaska capital; and providing for an effective date."

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

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* Section 1. For the purpose of paying the costs of capital improvements for the new state capital, general obligation bonds of the state in the principal amount of not more than \$448,800,000 shall be issued and sold. The full faith, credit and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on these bonds. These bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance. It is the intention of the legislature that the bonds be issued by the state bond committee in no greater than the following amounts in the following years: 1978 - none; 1979 - none; 1980 - \$9,300,000; 1981 - \$46,900,000; 1982 - \$88,000,000; 1983 - \$83,200,000; 1984 - \$93,100,000; 1985 - \$66,500,000; 1986 - \$36,800,000; 1987 - \$25,000,000. However, if the board of directors of the Alaska Capital City Development Corporation (AS 44.63.020) makes recommendations to the state bond committee as to a different schedule of bonds to be issued for the purpose of this section consistent with the recommendation made by the committee established under AS 44.63.170, the state bond committee shall issue the bonds in accordance with the recommendations unless the state bond committee determines that the orderly marketing of state general obligation bonds requires either the above schedule or a new schedule.

29

1 * Sec. 2. If the qualified voters of the state approve the issuance of
2 these bonds, a special fund of the state to be known as the "1978 New Capital
3 Facilities Construction Fund" shall be established, to which shall be
4 credited \$192,800,000 of proceeds of the sale of the bonds described in sec.
5 1 of this Act, except for the accrued interest and premiums. There is appro-
6 priated from the "1978 New Capital Facilities Construction Fund" to the
7 Alaska Capital City Development Corporation the amount of \$192,800,000. The
8 governor shall allocate the proceeds of these bonds to the corporation for
9 capital facilities projects in accordance with the development program of the
10 corporation.

11 * Sec. 3. If the qualified voters of the state approve the issuance of
12 these bonds, a special fund of the state to be known as the "1978 New Capital
13 Water, Sewer and Heating Construction Fund" shall be established, to which
14 shall be credited \$5,900,000 of proceeds of the sale of the bonds described
15 in sec. 1 of this Act, except for the accrued interest and premiums. There
16 is appropriated from the "1978 New Capital Water, Sewer and Heating Plant
17 Construction Fund" to the Alaska Capital City Development Corporation the
18 amount of \$5,900,000. The governor shall allocate the proceeds of these
19 bonds to the corporation for water, sewer and heating projects in accordance
20 with the development plan of the corporation.

21 * Sec. 4. If the qualified voters of the state approve the issuance of
22 these bonds, a special fund of the state to be known as the "1978 New Capital
23 School Construction Fund" shall be established, to which shall be credited
24 \$66,300,000 of proceeds of the sale of the bonds described in sec. 1 of this
25 Act, except for the accrued interest and premiums. There is appropriated
26 from the "1978 New Capital School Construction Fund" to the Matanuska-Susitna
27 Borough the amount of \$66,300,000. The governor shall allocate the proceeds
28 of these bonds to the Matanuska-Susitna Borough for school projects in accor-
29 dance with the development plan of the Alaska Capital City Development Cor-

1 poration.

2 * Sec. 5. If the qualified voters of the state approve the issuance of
3 these bonds, a special fund of the state to be known as the "1978 New Capital
4 University of Alaska Construction Fund" shall be established, to which shall
5 be credited \$10,300,000 of proceeds of the sale of the bonds described in
6 sec. 1 of this Act, except for the accrued interest and premiums. There is
7 appropriated from the "1978 New Capital University of Alaska Construction
8 Fund" to the Alaska Capital City Development Corporation the amount of
9 \$10,300,000. The governor shall allocate the proceeds of these bonds to
10 University of Alaska projects in accordance with the development program of
11 the corporation and in accordance with agreements between the University of
12 Alaska and the corporation.

13 * Sec. 6. If the qualified voters of the state approve the issuance of
14 these bonds, the following further special funds of the state shall be estab-
15 lished to which shall be credited the following amounts of the sale of bonds
16 described in sec. 1 of this Act, except for the accrued interest and pre-
17 miums:

- | | | |
|----|--|--------------|
| 18 | (1) 1978 New Capital Highway Construction Fund | \$45,100,000 |
| 19 | (2) 1978 New Capital Airport Construction Fund | 5,000,000 |

20 These amounts are appropriated from the funds to the Department of Transpor-
21 tation and Public Facilities for the purpose of highway and airport construc-
22 tion and shall be allocated by the governor for expenditure in accordance
23 with the general development plan of the Alaska Capital City Development
24 Corporation.

25 * Sec. 7. If the qualified voters of the state approve the issuance of
26 these bonds, a special fund of the state to be known as the "1978 New Capital
27 Transportation Infrastructure Construction Fund" shall be established, to
28 which shall be credited \$18,700,000 of the proceeds of the sale of the bonds
29 described in sec. 1 of this Act, except for the accrued interest and pre-

1 miums. There is appropriated from the "1978 New Capital Transportation
2 Infrastructure Construction Fund" to the Alaska Capital City Development
3 Corporation the amount of \$18,700,000. The governor shall allocate the
4 proceeds of these bonds to the corporation for transportation infrastructure
5 projects in accordance with the development plan of the corporation.

6 * Sec. 8. If the qualified voters of the state approve the issuance of
7 these bonds, a special fund of the state to be known as the "1978 New
8 Capital Land Development Fund" shall be established, to which shall be
9 credited \$30,300,000 of the proceeds of the sale of the bonds described in
10 sec. 1 of this Act, except for the accrued interest and premiums. There is
11 appropriated from the "1978 New Capital Land Development Fund" to the Alaska
12 Capital City Development Corporation the amount of \$30,300,000. The governor
13 shall allocate the proceeds of these bonds to the corporation for land de-
14 velopment projects in accordance with the development plan of the corpora-
15 tion.

16 * Sec. 9. If the qualified voters of the state approve the issuance of
17 these bonds, a special fund of the state to be known as the "1978 New Capital
18 Municipal Construction Fund" shall be established, to which shall be credited
19 \$47,000,000 of the proceeds of the sale of the bonds described in sec. 1 of
20 this Act, except for the accrued interest and premiums. There is appro-
21 priated from the "1978 New Capital Municipal Construction Fund" to the Alaska
22 Capital City Development Corporation the amount of \$47,000,000. The governor
23 shall allocate the proceeds of these bonds to the corporation for municipal
24 capital improvements in accordance with the development plan of the corpora-
25 tion.

26 * Sec. 10. If the qualified voters of the state approve the issuance of
27 these bonds, a special fund of the state to be known as the "1978 New Capital
28 Utilities Infrastructure Construction Fund" shall be established, to which
29 shall be credited \$27,400,000 of the proceeds of the sale of the bonds de-

1 scribed in sec. 1 of this Act, except for the accrued interest and premiums.
2 There is appropriated from the "1978 New Capital Utilities Infrastructure
3 Construction Fund" to the Alaska Capital City Development Corporation the
4 amount of \$27,400,000. The governor shall allocate the proceeds of these
5 bonds to the corporation for utility infrastructure projects in accordance
6 with the development plan of the corporation.

7 * Sec. 11. If the qualified voters of the state approve the issuance of
8 these bonds, the amount of \$1,500,000 or as much of that amount as is found
9 necessary is appropriated from the general fund to the state bond committee
10 to carry out the provisions of this section and to pay expenses incident to
11 the sale and issuance of the bonds authorized in this Act. The amounts
12 expended from the appropriation authorized by this section shall be reim-
13 bursed to the general fund from the proceeds of the sale of the bonds autho-
14 rized by this Act.

15 * Sec. 12. Any amount withdrawn from the public facility planning fund
16 for the purpose of advance planning for the improvements financed under this
17 Act shall be reimbursed to the fund from the proceeds of the sale of bonds
18 authorized by this section.

19 * Sec. 13. The question whether the bonds authorized in this Act are to
20 be issued shall be submitted to the qualified voters of the state at the next
21 general election and shall read substantially as follows:

22 Proposition

23 State General Obligation New State Capital

24 Construction Bonds 448,800,000

25 Shall the State of Alaska issue its general obligation bonds
26 in the principal amount of not more than \$448,800,000 for the
27 purpose of paying the costs of capital improvements for the
28 new state capital?

29 Bonds Yes []

1 Bonds No []

2 * Sec. 14. For the ballot proposition submitted to the voters in accor-
3 dance with sec. 13 of this Act, the division of budget and management of the
4 Office of the Governor shall prepare an impartial analysis of the fiscal
5 impact to the state of the measure. The analysis shall be written in clear
6 and concise terms which are easily understood by the average voter, and shall
7 avoid the use of technical terms wherever possible. The analysis may contain
8 background information and shall generally set out the information which the
9 average voter needs to understand the measure adequately. The analysis shall
10 include

11 (1) the financing summary determined by the New Capital Site
12 Planning Commission and contained in the House State Affairs Committee report
13 dated May 16, 1978, which indicates the total cost to the state of the
14 relocation of the capital;

15 (2) a revised statement of employment, labor force and population
16 impacts on Juneau prepared by the New Capital Site Planning Commission based
17 on the House State Affairs Committee report dated May 16, 1978, which indi-
18 cates the social impact on Juneau of the relocation of the capital;

19 (3) a study of projected costs of maintaining the capital in
20 Juneau prepared by the New Capital Site Planning Commission; and

21 (4) if funds for the study are appropriated by the legislature, a
22 study of projected costs of maintaining the capital in Juneau prepared by the
23 Legislative Budget and Audit Committee.

24 * Sec. 15. This Act takes effect upon the effective date of a version of
25 an Act entitled "An Act relating to planning for and development of the new
26 Alaska capital."
27
28
29

Introduced: 5/5/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

HOUSE BILL NO. 965

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for the issuance of general obliga-

7

tion bonds in the amount of \$966,000,000 for the

8

purpose of paying capital construction costs of the new

9

Alaska capital; and providing for an effective date."

10

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

11

* Section 1. For the purpose of paying the costs of capital improvements

12

for the new state capital, general obligation bonds of the state in the

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principal amount of not more than \$966,000,000 shall be issued and sold. The

14

full faith, credit and resources of the state are pledged to the payment of

15

the principal of and interest and redemption premium, if any, on these bonds.

16

These bonds shall be issued under the provisions of AS 37.15 as those provi-

17

sions read at the time of issuance. It is the intention of the legislature

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that the bonds be issued by the state bond committee in no greater than the

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following amounts in the following years: 1978 - none; 1979 - none; 1980 -

20

\$8,800,000; 1981 - \$30,800,000; 1982 - \$58,700,000; 1983 - \$64,400,000;

21

1984 - \$63,300,000; 1985 - \$51,500,000; 1986 - \$63,700,000; 1987 -

22

\$58,400,000; 1988 - \$78,600,000; 1989 - \$83,100,000; 1990 - \$92,800,000;

23

1991 - \$87,800,000; 1992 - \$104,500,000; 1993 - \$80,200,000; and 1994 -

24

\$39,400,000. However, if the board of directors of the Alaska Capital City

25

Development Corporation (AS 44.63.020) makes recommendations to the state

26

bond committee as to a different schedule of bonds to be issued for the

27

purpose of this section consistent with the recommendation made by the com-

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mittee established under AS 44.63.170, the state bond committee shall issue

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the bonds in accordance with the recommendations unless the state bond com-

1 mittee determines that the orderly marketing of state general obligation
2 bonds requires either the above schedule or a new schedule.

3 * Sec. 2. If the qualified voters of the state approve the issuance of
4 these bonds, a special fund of the state to be known as the "1978 New Capital
5 Facilities Construction Fund" shall be established, to which shall be
6 credited \$604,100,000 of proceeds of the sale of the bonds described in sec.
7 1 of this Act, except for the accrued interest and premiums. There is appro-
8 priated from the "1978 New Capital Facilities Construction Fund" to the
9 Alaska Capital City Development Corporation the amount of \$604,100,000. The
10 governor shall allocate the proceeds of these bonds to the corporation for
11 capital facilities projects in accordance with the development program of the
12 corporation.

13 * Sec. 3. If the qualified voters of the state approve the issuance of
14 these bonds, a special fund of the state to be known as the "1978 New Capital
15 Water, Sewer and Heating Plant Construction Fund" shall be established, to
16 which shall be credited \$21,900,000 of proceeds of the sale of the bonds
17 described in sec. 1 of this Act, except for the accrued interest and pre-
18 miums. There is appropriated from the "1978 New Capital Water, Sewer and
19 Heating Plant Construction Fund" to the Alaska Capital City Development
20 Corporation the amount of \$21,900,000. The governor shall allocate the
21 proceeds of these bonds to the corporation for water, sewer and heating plant
22 projects in accordance with the development plan of the corporation.

23 * Sec. 4. If the qualified voters of the state approve the issuance of
24 these bonds, a special fund of the state to be known as the "1978 New Capital
25 School Construction Fund" shall be established, to which shall be credited
26 \$260,700,000 of proceeds of the sale of the bonds described in sec. 1 of this
27 Act, except for the accrued interest and premiums. There is appropriated
28 from the "1978 New Capital School Construction Fund" to the Matanuska-Susitna
29 Borough the amount of \$260,700,000. The governor shall allocate the proceeds

1 of these bonds to the Matanuska-Susitna Borough for school projects in accor-
2 dance with the development plan of the Alaska Capital City Development Cor-
3 poration.

4 * Sec. 5. If the qualified voters of the state approve the issuance of
5 these bonds, a special fund of the state to be known as the "1978 New Capital
6 University of Alaska Construction Fund" shall be established, to which shall
7 be credited \$9,200,000 of proceeds of the sale of the bonds described in sec.
8 1 of this Act, except for the accrued interest and premiums. There is appro-
9 priated from the "1978 New Capital University of Alaska Construction Fund" to
10 the Alaska Capital City Development Corporation the amount of \$9,200,000.
11 The governor shall allocate the proceeds of these bonds to University of
12 Alaska projects in accordance with the development program of the corporation
13 and in accordance with agreements between the University of Alaska and the
14 corporation.

15 * Sec. 6. If the qualified voters of the state approve the issuance of
16 these bonds, the following further special funds of the state shall be estab-
17 lished to which shall be credited the following amounts of the sale of bonds
18 described in sec. 1 of this Act, except for the accrued interest and pre-
19 miums:

20	(1) 1978 New Capital Highway Construction Fund	\$65,100,000
21	(2) 1978 New Capital Airport Construction Fund	5,000,000

22 These amounts are appropriated from the funds to the Department of Transpor-
23 tation and Public Facilities for the purpose of highway and airport construc-
24 tion and shall be allocated by the governor for expenditure in accordance
25 with the general development plan of the Alaska Capital City Development
26 Corporation.

27 * Sec. 7. If the qualified voters of the state approve the issuance of
28 these bonds, the amount of \$1,500,000 or as much of that amount as is found
29 necessary is appropriated from the general fund to the state bond committee

1 to carry out the provisions of this section and to pay expenses incident to
2 the sale and issuance of the bonds authorized in this Act. The amounts
3 expended from the appropriation authorized by this section shall be reim-
4 bursed to the general fund from the proceeds of the sale of the bonds autho-
5 rized by this Act.

6 * Sec. 8. Any amount withdrawn from the public facility planning fund for
7 the purpose of advance planning for the improvements financed under this Act
8 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
9 rized by this section.

10 * Sec. 9. The question whether the bonds authorized in this Act are to be
11 issued shall be submitted to the qualified voters of the state at the next
12 general election and shall read substantially as follows:

13 Proposition

14 State General Obligation New State Capital

15 Construction Bonds \$966,000,000

16 Shall the State of Alaska issue its general obligation bonds
17 in the principal amount of not more than \$966,000,000 for the
18 purpose of paying the costs of capital improvements for the
19 new state capital?

20 Bonds Yes []

21 Bonds No []

22 * Sec. 10. This Act takes effect upon the effective date of a version of
23 an Act entitled "An Act relating to planning for and development of the new
24 Alaska capital."
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26
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28
29



Alaska Pacific Bank

May 22, 1978

Arliss Sturgulewski
Vice Chairman,
Capital Planning Commission
310 "K" Street
Anchorage, Alaska 99501

Dear Ms. Sturgulewski:

In my opinion the rate of inflation in Alaska over the next decade will average between 7 and 8% per year.

Forecasting the rate of inflation in Alaska is not as difficult as one might imagine because our inflation rates coincide precisely with those of the "Lower 48" in general. Running a mathematical regression analysis, using changes in the U.S. Consumer Price Index as the independent variable and changes in the Anchorage Consumer Price Index as the dependent variable, reveals a coefficient of correlation of .94. That is, 94% of the change in the Anchorage Consumer Price Index is due to changes in the U.S. Consumer Price Index in general. Local factors explain only 6% of the change in our consumer price index.

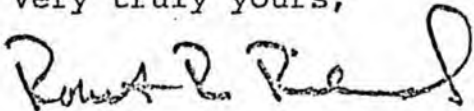
Because of this relationship, it is fairly easy to forecast future Anchorage inflation rates, simply by taking a look at the forecast of future inflation rates for the United States in general. Currently, the nation is undergoing a reacceleration of inflation. It appears as if the U.S. Consumer Price Index will rise about 7% this year. The general consensus of forecast, which I follow, calls for U.S. inflation rates to continue to creep upward, approaching 9 to 10% within a few years.

Arliss Sturgulewski
May 22, 1978 - Page 2

Historically, the rate of inflation in Anchorage has been less than the rate of inflation in the U.S. in general. (Note that I am talking about the rate of inflation, not absolute price levels. Indeed, absolute prices in Alaska have been higher than absolute prices in the "Lower 48".) During the pipeline boom years of 1975 and 1976, this situation was reversed, and the rate of inflation in Anchorage exceeded that of the "Lower 48." In 1977 the rates of inflation in Anchorage and the "Lower 48" were about equal, and I feel this year, 1978, we will resume the historical pattern of the rate of inflation in Alaska being slightly below that of the rate of inflation in the U.S. in general.

All of the foregoing lead me to conclude that the most reasonable rate of inflation to expect in Anchorage over the next decade is an average rate of 7 to 8%.

Very truly yours,



Robert R. Richards
Executive Vice President

RRR/yh

Rural Alaska

Community Action Program, Inc.

HB 965

TO: Members of the 10th State Legislature DATE: May 18, 1978

FROM: Phil Smith, Executive Director

SUBJECT: Capital Move Legislation

For your information, I am re-transmitting a copy of RurAL CAP Resolution #77-02, expressing this organization's formal and public opposition to the proposed Capital Move.

Since this position was adopted by RurAL CAP, we have followed the debate with interest. In my opinion, nothing has been added to the public's knowledge of the facts of the issue which would indicate any change in our position; in fact, the more inflammatory the rhetoric has become, our position has seemed more and more logical and appropriate.

We appreciate your support in laying to rest this ill-conceived and demonstrably inappropriate policy.

PJS/sh1

Rural Alaska Community Action Program, Inc.

RESOLUTION 77-02

ENTITLED: IN OPPOSITION TO MOVING THE STATE CAPITAL FROM JUNEAU

- WHEREAS, RurAL CAP is an organization designed primarily to serve and publicly protect the best interests of impoverished rural Alaskans, and
- WHEREAS, its Board of Directors is composed of individuals democratically selected to serve that purpose, and
- WHEREAS, a majority of the Alaskan voters chose to begin the process of moving the Capital of Alaska from Juneau to a location closer to the largest concentration of Alaska's citizens, and
- WHEREAS, that process has begun and the voters have selected Willow as the proposed location, and
- WHEREAS, projected costs for moving the Capital are astronomical, by any measure (ranging from an absolute minimum of \$109 million to \$2.5 million), and
- WHEREAS, the needs of Alaska's poor could be better served by applying a portion of these projected expenditures to provide services and opportunities for the poor to help themselves, and
- WHEREAS, a larger concentration of citizens and governmental offices in Southcentral Alaska will lead inevitably to an erosion of the political influence of rural Alaska's citizens, and
- WHEREAS, strong representation from rural Alaska, which includes over 95% of Alaska's land and virtually all of its renewable resources is of vital importance to all Alaskans, and
- WHEREAS, a variety of devices (enumerated below) are available to bring Government "closer to the people", all of which are being overlooked in the heat of the present real estate debate, and
- WHEREAS, the expenditure of public and private energy, emotions, finances, and political expertise are a waste of resources most properly applied to solving the real problems of Alaska, and
- WHEREAS, "all of the above" indicates that moving the Capital is demonstrably not in the best interests of the poor, rural Alaska, or the State as a whole, now, therefore, be it

RESOLVED: that the Rural Alaska Community Action Program, Inc. Board of Directors does publicly proclaim its opposition to moving the location of the State Capital from Juneau to any other location in the State; and, be it further

RESOLVED: that the Administration and the Legislature are urged to proceed with affirmative steps to "bring Government closer to the people: by enacting and implementing the following:

1. Through the use of existing satellite technology, provide two-way video and audio telecommunications services between the State Capital and all communities in Alaska with more than 25 permanent residents;
2. Take positive steps to decentralize the administration of all State Government services to regional centers throughout Alaska;
3. Provide funding for greater participation of the poor in the process of Administrative and Legislative decision-making, through such existing mechanisms as the Rural Alaska Community Action Program, the Citizen's Participation Conference, the Alaska Federation of Natives, and other non-profit grass-roots organizations;
4. Establish a legislative information system for rural Alaska by decentralizing the Legislative Affairs Agency to regional centers throughout the State;
5. Establish toll-free telephone numbers and legislative "listening posts" so that the right of the people to participate in Government is not abrogated by economic disability; and
6. Change the Time Zone in Southeastern Alaska to Yukon Standard, thereby encouraging a more orderly conduct of governmental affairs.

Adopted at a regular meeting of the Board of Directors of the Rural Alaska Community Action Program, Inc. held on February 26, 1977, in Juneau, Alaska.

Signed: _____

Gordon Jackson
Gordon Jackson, President
Rural CAP Board of Directors

Signed: _____

Philip J. Smith, Executive Director
Rural Alaska Community Action Program, Inc.

NATIONAL
Bank of Alaska

MAIN OFFICE: BOX 600

ANCHORAGE, ALASKA 99510

(907)276-1132

May 24, 1978

Arliss Sturgulewski
Vice Chairman
Capital Site Planning Commission
310 K Street
Anchorage, Alaska 99501

Dear Arliss:

Per your request we have examined our inflation records vis a vis the Capital Site Planning Commission's assumed inflation rate of 8%. I mentioned to you in our conversation May 22, that I believed 8% to be a conservative estimate, i.e. higher than I would expect. Our examination of the Bureau of Labor Statistics Anchorage Consumer Price Index series would indicate a figure on the order of 6-7% over the next decade.

As you are aware the numbers can be massaged to tell just about any story that is desired. Indeed, if we took the period 1973-1975 to be the harbinger of the future, we could anticipate inflation of 10-11% on average with inflationary "gusts" as high at 14-15%. This period, however, combines two dramatically disruptive events - the oil pipeline boom conditions here in Alaska and the OPEC imposed run-up in oil prices cum Arab oil embargo, nationally and internationally. The effects of these events lingered through a several year adjustment period. For example, we are only just now experiencing the slowdown in activity associated with the end of pipeline construction which occurred in mid-year 1977.

The main point is that the juxtaposition here in Alaska of two such collosally inflationary events as we had in the mid-1970's is not a situation with a high probability of recurrence in the next decade. In fact, the annual inflation rate has declined steadily from the high point of 15.6% reached in the third quarter of 1975.

Quarter to Quarter Annual Rate of Increase of Anchorage CPI

Quarter	Rate of Increase %
I 1974	7.9%
II	8.7
III	11.3
IV	13.1
I 1975	13.8
II	15.6
III	14.8
IV	12.4
I 1976	11.1
II	7.8
III	7.2
IV	6.5
I 1977	6.7
II	6.7
III	7.6
IV	5.8
I 1978	5.8

Prior to 1974, the Anchorage CPI increased at substantially lower rates. Annual average rates of increases are listed below:

	% Change
1971-72	2.7%
1972-73	4.2
1973-74	10.8
1974-75	13.7
1975-76	7.7
1976-77	6.6

A ten year moving average indicates a trend towards higher average rates of increase:

	Annual Average % Change
1960-1970	1.8%
1961-1971	2.1%
1962-1972	2.3%
1963-1973	2.6%
1964-1974	3.7%
1965-1975	4.9%
1966-1976	5.3%
1967-1977	5.9%

The apparent trend towards higher ten year averages is the result of the fact that each succeeding ten year period encompasses a greater portion of the previously mentioned high inflation period 1973-1976. The upward trend should level off and ultimately decline during the next ten to twenty years.

Arliss Sturgulewski
May 24, 1978
Page 3

Why will the inflation rate in Alaska decline? Moderating economic activity and greater scale economies as the Alaska market grows and becomes more sophisticated are two answers to this question. As the market grows there is room for more competition. Witness the recent introduction of TOTE on the Anchorage-Seattle route, or the proliferation of discount stores in Anchorage and Fairbanks. Prior to the pipeline boom, Anchorage had an inflation rate which was less than the national rate, a reflection of the forces of a steadily expanding market at work. We expect this relationship to continue in the future.

What major events could cause a recurrence of the inflation experienced in the 1973-76 period? It's hard to imagine another OPEC price escalation of the scale experienced in the mid 70's. My own expectation is for continued slow erosion of the real price of oil, i.e., the buying power of a barrel of oil has been declining in real terms in the last two years. A major war seems to be the only international event which could act to kick up inflation to the 15% level again. The biggest danger seems to be what is termed "built-in" inflation which is caused by directly tying labor contracts, social security payments, rent and other economic factors to the consumer price index. We believe there are political forces at work which will curtail some of this sort of self-fed inflation in the future.

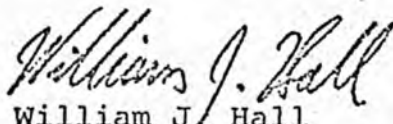
Finally, we do not foresee local events in Alaska of the relative scale of the pipeline project in the next decade. The proposed gas pipeline is not expected to have near the impact of the oil pipeline. Nor would any petrochemical project. The only inflationary situation which could foreseeably occur in Alaska which would be similar to the oil pipeline effect would be the simultaneous occurrence of several large scale projects in combination with run away growth in State spending. Under these conditions which are possible but, in our opinion, unlikely we could see double digit Alaskan inflation again.

With all these considerations, I believe that an average annual inflation rate of 7% is a likely scenario. The 8% inflation rate estimate would represent a more conservative approach to the question. Although, I believe the 8% figure is less likely, for planning purposes it may be prudent to incorporate this element of conservatism.

Arliss Sturgulewski
May 24, 1978
Page 4

I hope this information will be useful. We are happy to be
of assistance.

Sincerely yours,


William J. Hall
Economist

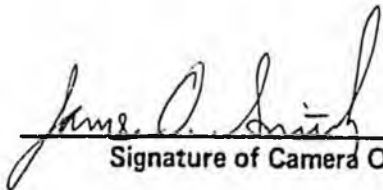
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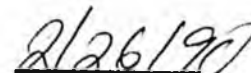
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

Introduced: 5/5/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 966

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to appropriations; and providing for
7 an effective date."

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

9 * Section 1. AS 37.07.080(h) is repealed and re-enacted to read:

10 (h) A transfer between, or revision of, appropriations may be
11 made upon a determination by the governor, and, upon the effective
12 date of a constitutional amendment authorizing its doing so, concurred
13 in by the Legislative Budget and Audit Committee, that

14 (1) a change in conditions makes the transfer or revision
15 reasonably necessary, and

16 (2) the transfer or revision does not conflict with specific
17 conditions attached to any appropriation or with any statutory prohib-
18 ition.

19 * Sec. 2. Sec. 4, ch. 74 SLA 1977, is repealed.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

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348 966

May 5, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with the decision of the Superior Court in Kelley v. Hammond (the Budget & Audit case) and pursuant to article III, section 18, of the Alaska Constitution, I am transmitting for the legislature's consideration five measures relating to federal and other program receipts and also, in part, to transfers between, or revisions to, appropriations.

In its Statement of Decision of April 12, 1978, addressing the subject of "funds received by the other branches earmarked for specific uses and purposes," the Superior Court said:

I think the legislature has to address that by making an appropriation of monies to be received and fixing standards for their expenditure; and that this can be readily done without any great burden on the executive branch -- improper burden, that is, or by destroying flexibility. It simply is a matter of drafting the legislation in an appropriate manner. But to have an interim committee sit in veto power over the executive's administering these funds, carrying out the law with respect to their use, is beyond the power of the legislature in my view.

The measures I propose are an attempt to carry out the court's suggestion for appropriate legislation.

The first measure, which is not a bill in itself, is for presentation to the finance committees to amend the general appropriation bill now being considered for FY 79. It appropriates all federal and other program receipts for FY 79 which exceed those anticipated by the budget. This was the method used in Alaska from 1963

through 1970. (Prior to 1963, federal receipts were not appropriated.)

The second is proposed legislation to amend the Executive Budget Act (AS 37.07) to permit budget revisions in accordance with the Superior Court's ruling and in accordance with the Legislative Budget and Audit Committee's decision to seek a constitutional amendment. Unless the proposed constitutional amendment provides otherwise, under the Superior Court's ruling, it will still be necessary for the legislature to appropriate all federal and other program receipts even under this proposed legislation. We have petitioned the Supreme Court for review on this point.

The third measure ratifies, by way of an appropriation made by law, the expenditure or authorized expenditure of federal or other program receipts which were made under the existing law which the court ruled was unconstitutional.

The fourth measure appropriates federal or other program receipts for FY 78 for whatever time remains in FY 78 after the legislature adjourns which are not otherwise appropriated by the time of adjournment. This dovetails with the third and fifth measures.

The fifth and last measure is an omnibus appropriation bill which includes every federal or other program receipt which is known to exist. I will submit additional items as they become known.

As you know, it is impossible to budget unanticipated receipts and to appropriate with absolute perfection. The measures I propose take these realities into account, and, to the extent allowed by the constitution, provide for the participation of the legislative interim committee in the process.

With respect to the measure to transfer between appropriations or to make revisions to them, its enactment will facilitate program management, and, to that extent, its prompt enactment is desirable. However, there is no critical need for it to be enacted immediately.

The authority to spend receipts contained in the third and fifth items, i.e., for money already received in FY 78 or to be received during this fiscal year, is critical. The University of Alaska, the Alaska Court

System, and most executive departments have programs which are funded in whole or in significant part by federal or other program receipts. Under the Superior Court's ruling, only those receipts which have been appropriated by the legislature -- even those earmarked for specific uses or purposes -- may be expended. Accordingly, we are faced with the prospect of closing down programs, not making benefits available, and laying off employees, because the money which is, or will be, available has not been appropriated. Given the exigencies of the situation, I urge the passage of the third and fifth measures as quickly as is possible.

Sincerely,
S/JSH
Jay S. Hammond
Governor

COMMITTEE REPORT

HOUSE

5/5/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 966

"An Act relating to appropriations; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

and _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Introduced: 5/5/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 966

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to appropriations; and providing for
7 an effective date."

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

9 * Section 1. AS 37.07.080(h) is repealed and re-enacted to read:

10 (h) A transfer between, or revision of, appropriations may be
11 made upon a determination by the governor, and, upon the effective
12 date of a constitutional amendment authorizing its doing so, concurred
13 in by the Legislative Budget and Audit Committee, that

14 (1) a change in conditions makes the transfer or revision
15 reasonably necessary, and

16 (2) the transfer or revision does not conflict with specific
17 conditions attached to any appropriation or with any statutory prohib-
18 ition.

19 * Sec. 2. Sec. 4, ch. 74 SLA 1977, is repealed.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

HB 966

May 5, 1978

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with the decision of the Superior Court in Kelley v. Hammond (the Budget & Audit case) and pursuant to article III, section 18, of the Alaska Constitution, I am transmitting for the legislature's consideration five measures relating to federal and other program receipts and also, in part, to transfers between, or revisions to, appropriations.

In its Statement of Decision of April 12, 1978, addressing the subject of "funds received by the other branches earmarked for specific uses and purposes," the Superior Court said:

I think the legislature has to address that by making an appropriation of monies to be received and fixing standards for their expenditure; and that this can be readily done without any great burden on the executive branch -- improper burden, that is, or by destroying flexibility. It simply is a matter of drafting the legislation in an appropriate manner. But to have an interim committee sit in veto power over the executive's administering these funds, carrying out the law with respect to their use, is beyond the power of the legislature in my view.

The measures I propose are an attempt to carry out the court's suggestion for appropriate legislation.

The first measure, which is not a bill in itself, is for presentation to the finance committees to amend the general appropriation bill now being considered for FY 79. It appropriates all federal and other program receipts for FY 79 which exceed those anticipated by the budget. This was the method used in Alaska from 1963

through 1970. (Prior to 1963, federal receipts were not appropriated.)

The second is proposed legislation to amend the Executive Budget Act (AS 37.07) to permit budget revisions in accordance with the Superior Court's ruling and in accordance with the Legislative Budget and Audit Committee's decision to seek a constitutional amendment. Unless the proposed constitutional amendment provides otherwise, under the Superior Court's ruling, it will still be necessary for the legislature to appropriate all federal and other program receipts even under this proposed legislation. We have petitioned the Supreme Court for review on this point.

The third measure ratifies, by way of an appropriation made by law, the expenditure or authorized expenditure of federal or other program receipts which were made under the existing law which the court ruled was unconstitutional.

The fourth measure appropriates federal or other program receipts for FY 78 for whatever time remains in FY 78 after the legislature adjourns which are not otherwise appropriated by the time of adjournment. This dovetails with the third and fifth measures.

The fifth and last measure is an omnibus appropriation bill which includes every federal or other program receipt which is known to exist. I will submit additional items as they become known.

As you know, it is impossible to budget unanticipated receipts and to appropriate with absolute perfection. The measures I propose take these realities into account, and, to the extent allowed by the constitution, provide for the participation of the legislative interim committee in the process.

With respect to the measure to transfer between appropriations or to make revisions to them, its enactment will facilitate program management, and, to that extent, its prompt enactment is desirable. However, there is no critical need for it to be enacted immediately.

The authority to spend receipts contained in the third and fifth items, i.e., for money already received in FY 78 or to be received during this fiscal year, is critical. The University of Alaska, the Alaska Court

System, and most executive departments have programs which are funded in whole or in significant part by federal or other program receipts. Under the Superior Court's ruling, only those receipts which have been appropriated by the legislature -- even those earmarked for specific uses or purposes -- may be expended. Accordingly, we are faced with the prospect of closing down programs, not making benefits available, and laying off employees, because the money which is, or will be, available has not been appropriated. Given the exigencies of the situation, I urge the passage of the third and fifth measures as quickly as is possible.

Sincerely,
S/JSH
Jay S. Hammond
Governor

HB 966

BUDGET AMENDMENT, FY 79

GENERAL APPROPRIATIONS BILL (SCS CSHB 627)

Add a new section to read:

Federal or other program receipts which exceed the amounts appropriated in this Act are appropriated

(1) upon the determination of the Division of Budget and Management, approved by the governor, that the expenditure of the receipts is consistent with the statutory authority under which the receiving agency functions; and

(2) upon the effective date of a constitutional amendment authorizing it to do so, the Legislative Budget and Audit Committee's concurrence.

ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND.. Session

HOUSE BILL..... NO. 966

By THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

"An Act relating to appropriations
and providing for an effective
date."

appropriations act

Introduced in the House 5-5-1978

HISTORY IN THE HOUSE

19 78

May 5

Read first time and referred
to Committee on
Finance

Reported back with
recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration
PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred
to Committee on

Reported back with
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Read second time and

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PASS Effective Date
Yeas Yeas
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PASS Effective Date
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Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment
thus adopting:

Failed to concur in Senate amend-
ment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from
amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

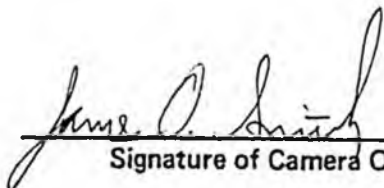
Chapter No.



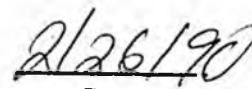
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

Introduced: 5/5/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 967

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act retroactively appropriating federal and other
7 program receipts; and providing for an effective
8 date."

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

10 * Section 1. All federal and program receipts which were spent or which
11 were authorized to be spent under AS 37.07.080(h) before April 12, 1978,
12 are appropriated in accordance with their expenditure or authorization.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c) and is retroactive to July 1, 1977.

COMMITTEE REPORT

HOUSE

5/5/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 967

"An Act retroactively appropriating federal and other program receipts; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

and _____ new title same title

- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Introduced: 5/5/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND Session

HOUSE BILL..... NO. 967..

By THE RULES COMMITTEE BY.....
REQUEST OF THE GOVERNOR

"An Act retroactively appropriating federal and other program receipts; and providing for an effective date."

retroactively approp. fed. recpts.

Introduced in the House5-5-1978.....

HISTORY IN THE HOUSE

1978		Read first time and referred to Committee on Finance																						
May	5	Reported back with recommendation that																						
		Read second time and																						
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HISTORY IN THE HOUSE

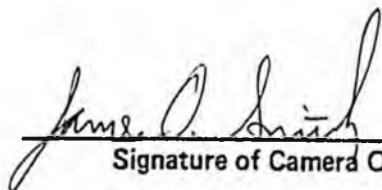
19		Received from Senate
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		Senate receded from amendment
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		FCC appointed by House
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		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
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		Chapter No.



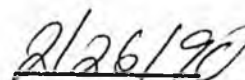
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Signature of Camera Operator



Date

Introduced: 5/5/78
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 968

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating federal and other program re-
7 cepts; and providing for an effective date."

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

9 * Section 1. To the extent that federal or other program receipts for
10 FY 78 exceed those appropriated by ch. 153 SLA 1977, they are appropriated
11 upon the determination of the Division of Budget and Management, approved
12 by the governor, that the expenditure of the receipts is consistent with
13 the statutory authority under which the receiving agency functions.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

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COMMITTEE REPORT

HOUSE

5/5/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 968
"An Act appropriating federal and other program receipts; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

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MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Introduced: 5/5/78
Referred: Finance

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ALASKA STATE LEGISLATURE

TENTH... Legislature SECOND... Session

HOUSE BILL NO. 968

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act appropriating federal and other program receipts; and providing for an effective date"

approp. fed. progr. receipts.

Introduced in the House 5-5-1978

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Reconsideration

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