

LEG. FINANCE - BILLS 1981 - 1982 1691

SB 559am - SB 572 1691



Introduced: 5/11/81  
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 559 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 37.05.315 is repealed and reenacted to read:

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES. (a) When an amount is  
11 appropriated or allocated as a grant to a municipality, the Department  
12 of Administration shall promptly notify the municipality of the avail-  
13 ability of the grant. When the Department of Administration receives  
14 an agreement executed by the municipality which provides that the  
15 municipality (1) will spend the grant for the purposes specified in the  
16 appropriation or allocation; (2) will allow, on request, an audit by  
17 the state of the uses made of the grant; and (3) assures that, to the  
18 extent consistent with the purpose of the appropriation or allocation,  
19 the facilities and services provided with the grant will be available  
20 for the use of the general public, the Department of Administration  
21 shall pay the grant directly to the municipality. The agreement  
22 executed by a municipality under this section shall be on a form  
23 furnished by the Department of Administration and shall be executed  
24 within 60 days after the effective date of the appropriation or alloca-  
25 tion.

26 (b) An appropriation or allocation for a grant to a municipality  
27 for construction of a public facility lapses if substantial, ongoing  
28 work on the project has not begun within five years after the effective  
29 date of the appropriation or allocation.

# CORRECTION

THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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22 executed by a municipality under this section shall be on a form  
23 furnished by the Department of Administration and shall be executed  
24 within 60 days after the effective date of the appropriation or alloca-  
25 tion.

26 (b) An appropriation or allocation for a grant to a municipality  
27 for construction of a public facility lapses if substantial, ongoing  
28 work on the project has not begun within five years after the effective  
29 date of the appropriation or allocation.

1 (c) In accepting a grant of money for construction of a public  
2 facility, a municipality covenants with the state that it will operate  
3 and maintain the facility for the practical life of the facility and  
4 that the municipality will not look to the state to operate or maintain  
5 the facility or pay for its operation or maintenance. This requirement  
6 does not apply to a grant for money for repair or improvement of an  
7 existing facility operated or maintained by the state at the time the  
8 grant is accepted if the repair or improvement for which the grant is  
9 made will not substantially increase the operating or maintenance costs  
10 to the state.

11 (d) Not less than 20 percent of a grant shall be paid to a  
12 municipality within 10 days of the effective date of the agreement  
13 under (a) of this section. The remainder of the grant shall be paid  
14 either in monthly installments equal to the amount of grant money the  
15 municipality expended in the previous month or in a lump sum as deter-  
16 mined by the Department of Administration.

17 \* Sec. 2. AS 37.05 is amended by adding new sections to read:

18 Sec. 37.05.316. GRANTS TO NAMED RECIPIENTS. When an amount is  
19 appropriated or allocated to a department as a grant for a named  
20 recipient which is not a municipality, the department to which the  
21 appropriation or allocation is made shall promptly notify the named  
22 recipient of the availability of the grant and request the named  
23 recipient to submit a proposal to provide the goods or services speci-  
24 fied in the appropriation act, or both, for which the appropriation or  
25 allocation is made. At the same time, the department may issue a  
26 request for proposals from other qualified persons to provide the same  
27 goods or services, or both, in the same area. The department shall  
28 contract with the named recipient unless the Office of the Governor,  
29 with due regard for any local expertise or experience among those

1 making proposals, determines that an award of the contract to a  
2 different party would better serve the public interest. If the con-  
3 tract is awarded to another party than that named by the legislature,  
4 the basis of that action shall be stated in writing at the time the  
5 grant is issued and a copy of the written statement shall be sent to  
6 the Legislative Budget and Audit Committee. A contract shall be  
7 executed within 60 days after the effective date of the appropriation  
8 or allocation. The purchase of the goods or services, or both, shall  
9 be in accordance with AS 37.05.230(1)(C).

10 Sec. 37.05.317. GRANTS TO UNINCORPORATED COMMUNITIES. When an  
11 amount is appropriated or allocated as a grant under this section to an  
12 unincorporated community, it shall be disbursed as follows:

13 (1) Within 45 days after the effective date of the appropria-  
14 tion or allocation, the Department of Community and Regional Affairs  
15 shall notify the governing body of the unincorporated community, if  
16 any, that a grant is available.

17 (2) The Department of Community and Regional Affairs shall  
18 determine if there is a qualified incorporated entity in the community  
19 area which will agree to receive the grant and administer it, subject  
20 to terms generally applicable to private grantees. If there is more  
21 than one such entity, the Department of Community and Regional Affairs  
22 shall select the most qualified and the grant shall be awarded to that  
23 incorporated entity for the purposes specified in the appropriation  
24 act. However, the Department of Community and Regional Affairs shall  
25 give preference to a nonprofit corporation organized by a community for  
26 receipt of the grant.

27 (3) If there is no incorporated entity qualified to receive  
28 the grant, the Department of Community and Regional Affairs shall  
29 administer the program as specified in the appropriation act directly

1 or through agents or contractors with whom it may contract in the  
2 community area.

3 Sec. 37.05.318. EXEMPTION FROM REGULATIONS. Notwithstanding the  
4 Administrative Procedure Act (AS 44.62), the Fiscal Procedures Act  
5 (AS 37.05), and the Executive Budget Act (AS 37.07), a state agency may  
6 not adopt regulations or impose additional requirements or procedures to  
7 implement, interpret, make specific, or otherwise carry out the pro-  
8 visions of AS 37.05.315, 37.05.316, and 37.05.317 unless required by  
9 the federal government for participation in federal programs.

10 Sec. 37.05.319. DEFINITIONS. In AS 37.05.315, 37.05.316, and  
11 37.05.317, "appropriation" and "allocation" have the meanings set out  
12 in AS 37.07.120(4) and (5).

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).

# STATE OF ALASKA

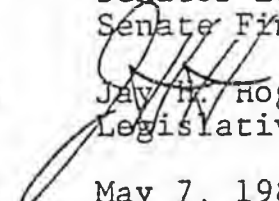
## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### M E M O R A N D U M

TO: Senator Ed Dankworth, Co-chairman,  
Senate Finance Committee

FROM:  Jay H. Hogan, Director  
Legislative Finance Division

DATE: May 7, 1981

The attached draft relating to grants has been drafted in consultation with the attorneys from Ely, Guess and Rudd, who are handling the Legislature's suit against the Governor over numerous vetoes of grants contained in last year's General Appropriations Act. This is essentially a housekeeping measure and makes no changes in the provisions of the three types of grants provided for in chapter 156 passed last year.

The proposed changes to the existing law can easily be seen on the attached draft.

1. Page 1 - lines 4, 5, 12, and 19  
Page 2 - lines 5 and 6  
Page 3 - lines 11 and 12

The three types of grant provisions are changed to provide that grants may be either "appropriations" or "allocations". In the lawsuit, the Attorney General argues that since the existing grants law does not mention allocations, grants that are written as allocations are not grants subject to the new law.

2. Page 2 - line 11  
Page 3 - lines 25 and 26  
Page 4 - line 3

In several instances the phrase "as specified in the Appropriations Act" is added to make it clear that whatever the Appropriations Act sets out as the purpose of the appropriation is the purpose of the appropriation. Again, in legal argument on the current case, the Attorney General argues some appropriations made last year are for no purpose and therefore cannot be for a "public purpose".

May 7, 1981

## 3. Page 2 - line 13

Departments are authorized to issue requests for proposals rather than directed to. If a state agency has no problem with a named recipient it would appear to be a waste of everyone's time to require an RFP in those circumstances where the department feels comfortable about making the grant to the named recipient.

## 4. Page 2 - line 21

The existing statute does not name anyone to receive the written comments of the Governor regarding his decision not to award a grant to a named recipient. The draft would require that his reasons be sent to the Legislative Budget and Audit Committee.

## 5. Page 3 - line 4

"no state agency" is substituted for "a department" in the section prohibiting adoption of additional regulations to make it clear that department or otherwise, no state agency is to adopt additional regulations or requirements.

6. Page 1 - line 4  
Page 2 - line 5  
Page 3 - line 11

Finally, each of the three types of grants is given an individual section in the statutes, and a brief title.

Attachment  
JHH:dh

1 For an Act entitled: "An Act relating to grants."

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

3 \* Section 1. AS 37.05 is amended by adding a new section- to read:

4 Sec. 37.05.315. MUNICIPAL GRANTS. (a) When an amount is appro-  
5 riated or allocated [appropriation is made] as a grant to a municipali-  
6 the Department of Administration shall promptly notify the municipality  
7 of the availability of the grant. When the Department of Administration  
8 receives an agreement executed by the municipality which provides that  
9 the municipality (1) will spend the grant for the purposes specified  
10 in the appropriation; (2) will allow, on request, an audit by the  
11 state of the uses made of the grant; and (3) assures that, to the  
12 extent consistent with the purpose of the appropriation or allocation,  
13 the facilities and services provided with the grant will be available  
14 for the use of the general public, the Department of Administration  
15 shall pay the grant directly to the municipality. The agreement  
16 executed by a municipality under this section shall be on a form fur-  
17 nished by the Department of Administration and shall be made within  
18 60 days after the effective date of the appropriation.

19 (b) An appropriation or allocation for a grant to a municipality  
20 for construction of a public facility lapses if substantial, ongoing  
21 work on the project has not begun within five years after the effective  
22 date of the appropriation.

23 (c) In accepting a grant of money for construction of a public  
24 facility, each municipality covenants with the state that it will  
25 operate and maintain the facility for its practical life and that it  
26 will not look to the state to operate or maintain the facility or pay  
27 for its operation or maintenance.

28 (d) Not less than 20 percent of the grant shall be paid to the  
29 municipality within 10 days of the effective date of the agreement.

1 The remainder of the grant shall be paid either in monthly installments  
2 equal to the amount of grant money the municipality expended in the  
3 previous month or in a lump sum as determined by the Department of  
4 Administration.

5 Sec. 37.05.317. NAMED RECIPIENT GRANTS. [(e)] When an amount  
6 is appropriated or allocated [appropriation is made] to a department  
7 as a grant for a named recipient which is not a municipality, the  
8 department [to which the appropriation is made] shall promptly notify  
9 the named recipient of the availability of the grant and request the  
10 named recipient to submit a proposal to provide the  
11 goods or services specified in the appropriation Act; [, or both,  
12 for which the appropriation is made. At] at the same time, the  
13 department may [shall] issue a request for proposals from other  
14 qualified persons to provide the same goods or services, or both, in  
15 the same area. The department shall contract with the named recipient  
16 unless the Office of the Governor, with due regard for any local  
17 expertise or experience among those making proposals, determines that  
18 an award of the contract to a different party would better serve the  
19 public interest. If the contract is awarded to another party than  
20 that named by the legislature, the basis of that action shall be stated  
21 in writing and sent to the Legislative Budget and Audit Committee  
22 at the time the grant is issued. A contract must be executed within  
23 60 days after the effective date of the appropriation. The purchase of  
24 the goods or services, or both, shall be in accordance with AS 37.05.-  
25 230(1)(C).

26 [(f) A grant to a municipality must be made within 60 days after  
27 the effective date of the appropriation. A contract under (e) of  
28 this section must be executed within 60 days after the effective date  
29 of the appropriation.]

1           Sec. 37.05.315. EXEMPTION FROM REGULATIONS - DEFINITIONS. (a)

2   [(g)] Notwithstanding the Administrative Procedure Act (AS 44.62), the  
3   Fiscal Procedures Act (AS 37.05), and the Executive Budget Act (AS 37.-  
4   07), no state agency may [a department may not] adopt regulations or  
5   impose additional requirements or procedures to implement, interpret,  
6   make specific or otherwise carry out the provisions of sections .315 -  
7   .317 [this section] unless required by the federal government for par-  
8   ticipation in federal programs.

9           (b) "Appropriation" and "allocation" in sections .315-.317 have  
0   the same definitions as set out in AS 37.07.120.

1           Sec. 37.05.316. UNINCORPORATED COMMUNITY GRANTS. [(h)] When an  
2   amount is appropriated or allocated as a grant under this section  
3   [A grant] to an unincorporated community [made under this section] it  
4   shall be disbursed as follows:

5           (1) Within 45 days after the effective date of the appro-  
6   priation, the Department of Community and Regional Affairs shall  
7   notify the governing body of the unincorporated community, if any,  
8   that a grant is available.

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10   determine whether there is a qualified incorporated entity in the  
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12   it, subject to terms generally applicable to private grantees. If  
13   there is more than one such entity, the Department of Community and  
14   Regional Affairs shall select the most qualified and the grant shall  
15   be awarded to that incorporated entity for the purposes specified in  
16   [of] the appropriation Act; however, the Department of Community and  
17   Regional Affairs shall give preference to a nonprofit corporation  
18   organized by a community for receipt of the grant.

1 (3) If there is no incorporated entity qualified to receive  
2 the grant, the Department of Community and Regional Affairs shall  
3 administer the program as specified in the appropriation Act directly  
4 or through agents or contractors with whom it may contract in the  
5 community area.

6 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
7 10.070(c).

# MEMORANDUM

# State of Alaska

TO J.H. Hogan, Director  
Budget & Audit Committee  
Finance Division

DATE August 26, 1980

FILE NO

TELEPHONE NO

FROM Richard H. Eakins, Director  
Division of Economic Enterprise

SUBJECT Legislative Appropriations

In response to your letter requesting information on the appropriation to this division for a \$1.2 million dollar seafood marketing study, the attached documentation is forwarded.

The \$1.2 million marketing money has been RSAed to the Alaska Renewable Resources Corporation.

The following list contains the amounts and recipients of grant monies appropriated to this division.

Alaska Renewable Resources	\$1,200,000
Education - Alternative Energy Library	50,000
Alaska Native Arts Marketing	150,000
Anchorage Minority Resources & Services	250,000
Abbot Loop & Rabbit Ck. Little League	35,000
Mat-Su Borough - Economic Dev. Study	75,000
City of Fairbanks - Public Projects Survey	60,000
North Slope Borough - Inupiat Marine Science	200,000
City of Bethel - Computer	100,000
Commerce - to use to administer the above	25,100

Due to the reorganization of the Department's development program and staff no decisions have been made on the program dedications for study money. These decisions will be held in abeyance until the Deputy Commissioner and Program Directors are hired.

Attachments

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Budget & Audit Committee  
Finance Division

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The following list contains the amounts and recipients of grant monies appropriated to this division.

		<u>Original Appropriation*</u>
Alaska Renewable Resources	\$1,200,000	Ø
Education - Alternative Energy Library	50,000	76,500
Alaska Native Arts Marketing	150,000	300,000
Anchorage Minority Resources & Services	250,000	467,500
Abbot Loop & Rabbit Ck. Little League	35,000	35,000
Mat-Su Borough - Economic Dev. Study	75,000	75,000
City of Fairbanks - Public Projects Survey	60,000	60,000
North Slope Borough - Inupiat Marine Science	200,000	469,000
City of Bethel - Computer	100,000	100,000
Commerce - to use to administer the above	25,100	Ø

Due to the reorganization of the Department's development program and staff no decisions have been made on the program dedications for study money. These decisions will be held in abeyance until the Deputy Commissioner and Program Directors are hired.

## Attachments

\*Note: Missing entirely from the revised lists are:

Fairbanks North Star Borough MBE, Inc.	177,000
Anchorage Winter Sports	100,000
Haines-Klukwan Resource Study	285,000

# MEMORANDUM

State of Alaska

TO: Charles R. Webber, Commissioner  
Department of Commerce and  
Economic Development

DATE: August 7, 1980

FILE NO:

TELEPHONE NO:

FROM: Jay S. Hammond  
Governor

SUBJECT: FY81 Budget

The purpose of this memo is to inform you of my actions concerning FY81 appropriations for the Division of Economic Enterprise.

Prior to taking action on the operating budget, I vetoed HB 962, creating the fisheries business tax grant fund. In my veto letter to the Legislative leadership, I indicated that while HB 962 was of doubtful constitutional validity, the concept embodied in the bill was meritorious and that I was instructing the Commissioner of Commerce and Economic Development to explore alternative methods to accomplish the same purpose.

In Section 3 of the general appropriations bill, the legislature appropriated \$3 million for support of fisheries promotion. Because I had vetoed HB 962, the fund to which that appropriation was made did not exist, and I therefore vetoed that section. That did not mean that fisheries promotion would go unfunded in FY 1981.

At page 51 of the bill, \$3,555,800 was appropriated for economic enterprise in your department. Your functions in that regard would include the promotion of fisheries marketing, and I concluded that \$1.2 million of this appropriation could be made available for that purpose, and the remainder could be made available for other economic enterprises purposes. The legislature had included a rider with this appropriation which I vetoed.

Please advise me if you have any additional questions.

RECEIVED  
AUG 12 1980

OFFICE OF THE  
COMMISSIONER

RECEIVED  
DIV. ECONOMIC ENTERPRISE

AUG 20 1980

DEPARTMENT OF COMMERCE  
& ECONOMIC DEVELOPMENT

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH WF-STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

July 28, 1980

Richard H. Eakins, Director  
Division of Economic Enterprise  
Pouch EE  
Juneau, AK 99811

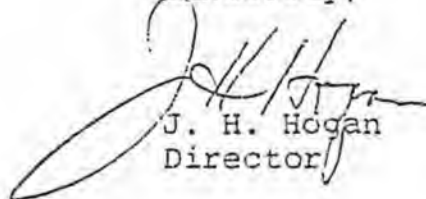
Dear Mr. Eakins:

It is my understanding that the Division of Economic Enterprise has been recently instructed to set aside \$1,200,000 of the Division's appropriation for general operations (see attached pages 51 and 52 of Chapter 120, SLA 1980) for a seafood marketing study. Per a legislative request for information, I am requesting copies of:

1. The budget documentation for this study as presented to the Legislature;
2. If none, the budget documentation currently available to support a Revised Program or other expenditure document;
3. A statement summarizing the Division's current plans for other studies proposed by the Division as part of their FY 81 budget request, and the Division's plans for grants/studies requested and appropriated for by the last Legislature.

Please include with your response copies of all pertinent letters or memoranda, and a summary of any verbal instructions that may have been given regarding the above items.

Sincerely,



J. H. Hogan  
Director

JHH:bf

1 DEVELOPMENT (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	APPROPRIATION OTHER FUNDS
4 COPENHAGEN OFFICE (2 POSITIONS)	295,500			
5 GERMAN TOURISM AND ECONOMIC DEVELOPMENT OFFICE	250,000			
6 DEPARTMENT OF REVENUE				
7 ALASKA RENEWABLE RESOURCES CORPORATION (11 POSITIONS)		1,476,100	1,476,100	
8 SHARED TAXES		11,400,000	11,400,000	
9 MUNICIPAL ASSISTANCE				
10 AMUSEMENT AND GAMING TAX	36,000			
11 AVIATION FUEL TAX	163,700			
12 \$29,742 OF THE ALLOCATION FOR AVIATION FUEL TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
13 ELECTRIC AND TELEPHONE COOPERATIVE TAX	2,650,000			
14 \$650,000 OF THE ALLOCATION FOR ELECTRIC AND TELEPHONE COOPERATIVE TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
15 LIQUOR LICENSE TAX	600,000			
16 FISHERIES TAX	4,077,100			
17 \$1,577,081 OF THE ALLOCATION FOR FISHERIES TAX TAKES EFFECT ON THE EFFECTIVE DATE OF THIS ACT.				
18 MUNICIPAL BOND BANK AUTHORITY (2 POSITIONS)		290,900		290,900
19 DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT				
20 ECONOMIC ENTERPRISE	3,555,800	3,555,800	3,340,100	215,700
21 GENERAL OPERATIONS (22 POSITIONS)				
<del>22 THE APPROPRIATION TO ECONOMIC ENTERPRISE INCLUDES THE FOLLOWING AMOUNTS TO BE PAID AS MUNICIPAL GRANTS IN ACCORDANCE WITH AS</del>				
<del>23 37.05.315: ANCHORAGE - MINORITY RESOURCES &amp; SERVICES INC. \$467,500 AND FAIRBANKS NORTH STAR BOROUGH - HSE, INC. \$177,100 FOR</del>				
<del>24 MINORITY BUSINESS PARTICIPATION IN STATE CAPITAL PROJECTS; ANCHORAGE - WINNER SPORTS \$100,000, ABBOT LOOP &amp; RABBIT CREEK</del>				
<del>25 LITTLE LEAGUE FIELDS \$35,000, ALASKA NATIVE ARTS MARKETING PROJECT \$300,000, ALASKA ALTERNATIVE ENERGY RESOURCES PROJECT</del>				
<del>26 \$76,500; MATANUSKA-SUSITNA BOROUGH - ECONOMIC DEVELOPMENT STUDY \$75,000</del>				
<del>27 CITY OF HAINES - HAINES KLUKWAN RESOURCE STUDY \$235,000; CITY OF FAIRBANKS - PUBLIC PROJECTS SURVEY AND DEVELOPMENT \$64,000;</del>				

Chapter 120

1 DEVELOPMENT (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	APPROPRIATION OTHER FUNDS
<del>4 NORTH SLOPE BOROUGH - INUPIAT MARINE SCIENCE TRAINING &amp; RESEARCH PROGRAM \$449,000; CITY OF BETHEL - PURCHASE OF COMPUTER</del>				
6 LOAN FUND ADMINISTRATION (29 POSITIONS)		1,050,500	1,050,500	
7 \$56,500 OF THE APPROPRIATION TO LOAN FUND ADMINISTRATION FOR TWO POSITIONS IN DILLINGHAM TAKES EFFECT ON THE EFFECTIVE DATE				
8 OF THIS ACT.				
9 VETERANS LOAN FUND (23 POSITIONS)		903,600		903,600
10 TOURISM (22 POSITIONS)		3,341,800	3,341,800	
11 IT IS THE INTENT OF THE LEGISLATURE THAT THE OFFICE OF THE DIRECTOR OF THE DIVISION OF TOURISM SHALL REMAIN IN JUNEAU.				
<del>12 THE APPROPRIATION FOR TOURISM INCLUDES A GRANT OF \$170,000 TO THE ALASKA NATIVE TOURISM ASSOCIATION.</del>				
13 ENERGY AND POWER DEVELOPMENT		3,550,500	308,700	3,241,800
14 ENERGY ADMINISTRATION (7 POSITIONS)	308,700			
15 ENERGY CONSERVATION PROGRAM (7 POSITIONS)	324,000			
16 ENERGY EXTENSION SERVICE (3.7 POSITIONS)	419,600			
17 WEATHERIZATION (4 POSITIONS)	2,488,000			
18 ALASKA POWER AUTHORITY (8 POSITIONS)		470,600	470,600	
19 DEPARTMENT OF NATURAL RESOURCES				
20 AGRICULTURAL MANAGEMENT		1,266,400	1,061,900	205,000
21 AGRICULTURAL DEVELOPMENT (7 POSITIONS)	293,100			
22 AGRICULTURAL FINANCING/MARKETING/PROMOTION (5 POSITIONS)	203,600			
23 AGRICULTURAL RESEARCH/EXTENSION SERVICES (13 POSITIONS)	361,900			
24 STATE FAIRS	294,500			

Chapter 120



DURING SESSION:  
POUCH V  
JUNEAU ALASKA 99811  
(907) 485-3791

OUT OF SESSION:  
1016 WEST 6TH AVENUE  
SUITE 415  
ANCHORAGE ALASKA 99501  
(907) 272-4541

BILL SUMNER

Alaska State Senator

DISTRICT 7-E

July 23, 1980

COMMITTEES:  
RESOURCES  
CHAIRMAN  
FINANCE  
RULES  
COMMITTEE ON COMMITTEES  
JOINT INTERIM COMMITTEE  
ON GAS PIPELINE FINANCING

TO: Jay Hogan, Director  
Legislative Finance Division

FROM: Senator Bill Sumner *BS*

SUBJECT: Gubernatorial Appropriations in the FY 81 Budget

I want to bring to your attention an action by the Governor which is causing me much concern. It may be typical of a pattern he followed throughout the FY 81 budget.

Briefly, the Governor, through verbal instructions, has decreased the amount available for grants stipulated in legislative intent under Economic Enterprise's General Operations appropriation by 60% in order to fund a \$1,200,000 seafood marketing study -- an appropriation that does not appear in the budget.

As for more background: The legislature approved a \$3,555,800 appropriation to the Department of Commerce and Economic Development, Division of Economic Enterprise, General Operations. That amount included \$2,145,100 in grants expressed in intent. As was typical throughout the budget, the intent was vetoed but the amount remained at the \$3,555,800 level.

To follow up the division's plans with a program I stipulated in the vetoed intent, Cheryl Frasca of my staff talked with Fred Muller of Economic Enterprise. He explained that because of a 60% cut in the funds available in General Operations, decreases had to be made in the legislatively specified programs. Upon further questioning as to where the 60% decrease was since the funding level was the same as approved by the legislature, he indicated they had been directed by Budget and Management to earmark \$1,200,000 for a seafood marketing study. Asked where in the budget did this appropriation appear, he indicated it did not.

A second conversation with Richard Axe of Budget and Management confirmed the intended use of the funds. He further explained that the Governor had vetoed SCSCSHB 962 which would have created the fisheries business tax grant fund as well as the accompanying \$3,000,000 appropriation found in Section 1 of

Jay Hogan  
July 23, 1980  
page 2

ch 120 SLA 80. In order to accomplish the intent of the legislation, however, the Governor through verbal instructions to Budget and Management, had directed the Division of Economic Enterprise to fund a marketing study at \$1,200,000. Mr. Axe indicated there might be a written memo directing such as action but if there was, it would be an internal working document.

I question the Governor's authority to take such actions and perhaps it is a matter that the Budget and Audit Committee might best pursue. Your direction in this matter will be appreciated.

cc: Representative Jim Duncan, Chairman, Budget and Audit Committee  
Senator George Hohman, Vice Chairman, Budget and Audit Committee

W. EUGENE GUESS 1932-1975  
JOSEPH RUDD 1933-1978

ROBERT C. ELY  
THEODORE E. FLEISCHER  
FRANCIS E. SMITH, JR.  
HERBERT BERKOWITZ  
MICHAEL G. BRIGGS  
DAVID H. BUNDY  
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RICHARD M. ROSSON  
LOUIS AGI  
HELENE M. ANTEL  
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CHARLES W. COHEN  
PEGGY MENTELE

LAW OFFICES OF  
ELY, GUESS & RUDD

A PROFESSIONAL CORPORATION  
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ANCHORAGE, ALASKA 99501  
CABLE ADDRESS: "NORTHACRE"  
TELEX [090] 25-292  
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NORMAN C. GORSUCH  
GORDON E. EVANS  
MONTE L. BRICE

JOSEPH A. McLEAN  
OF COUNSEL

MEMORANDUM

TO: Legislative Budget and Audit Committee

FROM: Ely, Guess & Rudd

RE: Alaska State Legislature, et al.  
v. Governor Hammond, et al.

DATE: February 19, 1981

On July 25, 1980, the Legislative Budget and Audit Committee on behalf of the Alaska State Legislature, and several individual legislators, filed suit against the Governor and the Commissioner of the Department of Administration. The purpose of this action was generally to clarify the nature and the scope of the Governor's item veto authority under Art. II, §15 of the Alaska Constitution and specifically to obtain a declaration that the Governor invalidly vetoed portions of three appropriation bills passed by the Eleventh State Legislature. In his Answer to the Complaint, the Governor defended his actions on the basis that the language vetoed was unconstitutional. The Governor also filed a counterclaim against the Legislature challenging the constitutionality of some seventy-seven appropriations passed by the Legislature, many of which he had not vetoed.

Inherent in both the Governor's defense and his counterclaim is his interpretation of the item veto authority to permit the Governor to "cure" appropriation bills of what he perceives to be constitutional defects. If the Governor is correct in this interpretation, the veto power encompasses not only the power to refuse to assent to the passage of appropriations, but authority to "correct" or amend them

as well. . It is the Legislature's position that the doctrine of separation of powers forbids that interpretation and, in fact, mandates a narrow reading of the Governor's item veto authority.

The counterclaim poses an additional serious challenge to the Legislature's authority. The Governor had the opportunity to veto many of the appropriations he now claims are now invalid, but failed to do so. If he is permitted to challenge those appropriations now, after completion of the legislative process, the Governor will have conferred upon himself a "second veto" not provided for by the Constitution.

On November 10, 1980, with these concerns in mind, the Legislature moved to dismiss the Governor's counterclaim. The legal basis for the Legislature's motion is that Art. III, §16 of the Alaska Constitution bars the Governor from filing lawsuits against the Legislature, and thus deprives him of any legal authority to bring his counterclaim. The relevant language of Art. III, §16 has never been construed by the Alaska Supreme Court. Its interpretation of this provision is important to both parties and could have a substantial impact on future "inter-branch" litigation.

The basic concern underlying the Legislature's Motion to Dismiss is a strong belief that the Governor should not be permitted to obtain a judicial declaration as to the validity or invalidity of legislative appropriations. If the Governor objects to an appropriation, it is the Legislature's position that he must do so by appropriately exercising his item veto power. Once appropriations have become law, they should be presumed valid, and the Legislature should not be subject to legal challenges to their validity by the Governor following the close of a legislative session.

On December 19, 1980, the Governor opposed the Legislature's Motion to Dismiss and moved to dismiss the Legislature's claims against the Governor. He contends that the Legislature, as well as the individual plaintiff Legislators, lack standing to sue the Governor and that the Legislature is seeking to usurp the Governor's executive authority by attempting to enforce the law. An unfortunate

side effect of the Governor's counterclaim and his Motion to Dismiss is the substantial delay they have caused in bringing the merits of the Legislature's claims on the question of the Governor's veto power before the Court for resolution. However, given the additional significant challenges to the Legislature's authority raised by both the counterclaim and the Governor's Motion to Dismiss, it was necessary to take the time to present thorough arguments to the Court on these issues, several of which have never been addressed by the Alaska Supreme Court.

In anticipation of a prompt determination of both Motions to Dismiss, the Legislature will file a Motion for Summary Judgment, seeking a decision on the scope of the Governor's item veto power within the next ten days. The legal and policy underpinnings of the Legislature's position are summarized briefly below.

The ultimate question raised by the Legislature's claim against the Governor is: "Does the Governor have the power to rewrite the provisions of appropriations enacted by the Legislature?" The Alaska Constitution grants to the Legislature the power to appropriate funds and to impose conditions on their use. The Governor plays a role in the appropriation process, but it is limited to the submission of the proposed budget to the Legislature and the opportunity to veto "items" in appropriation bills.

The item veto power was historically designed to give the executive a means to nullify any specific appropriation item in a bill containing many appropriations, without being forced to veto the entire appropriation bill. Notwithstanding this purpose for the item veto power, the Governor here, like the Governors of numerous other states, has attempted to use it as a "legislative" tool to amend appropriations. This attempt by state executives to expand their role in the law-making process is evidenced by a proliferation of lawsuits challenging "gubernatorial legislation" and seeking, much as the Legislature has done in this case, a narrow construction of the item veto authority.

The Legislature's position is that the Governor of Alaska has no authority to rewrite appropriations by selectively deleting conditions and limitations; he may only strike the appropriation item in its entirety, thereby reducing the total appropriated fund. There is substantial

support for the Legislature's position in the case law of other jurisdictions. Most state courts have invalidated executive attempts to use the item veto power to legislate and have interpreted it solely as a "negative" tool. The Governor may refuse to assent to an appropriation, but he may not use his veto power creatively to amend the appropriation to give it a different purpose. If the Governor were permitted to do otherwise, he could create an appropriation that had been neither intended, nor voted upon, by the Legislature.

Thus the primary purpose of this lawsuit is to obtain a judicial declaration as to the scope and limitations of the Governor's item veto power. Judicial guidelines to this effect are essential to a vindication of one of the Legislature's most important powers, that of making appropriations. If the Governor is permitted to use his veto to revise the objectives and purposes of appropriations, the Governor will have successfully inserted himself into the process of designing appropriations, heretofore a process in the Legislature's exclusive control. Under the Constitution the Legislature has the right to make law by majority vote. While the Legislature has the theoretical power to override any "creative" vetoes by the Governor, this override can be accomplished only by mustering a three-quarters majority vote of both Houses of the Legislature. It is the Legislature's position that the Governor should not be permitted to force the Legislature to use its override authority simply to maintain its supervisory role over the design and passage of appropriation bills.

In Bradner v. Hammond the Alaska Supreme Court held that under the doctrine of separation of powers, the appointment power committed to the executive branch would be protected against encroachment by the Legislature. While the Legislature's suit was originally intended to resolve only the question of the validity of the Governor's vetoes, with the filing of his counterclaim the Governor has substantially escalated the stakes. There are now two additional significant issues to be determined. First, can the Governor sue the Legislature, despite the provisions of Art. III, §16 of the Constitution which expressly provide that the Governor cannot? Second, can the Governor challenge the validity of conditions and restrictions inserted by the Legislature in appropriations he failed to veto? These

issues are as important in their own right as those raised by the Legislature in its Complaint against the Governor.

Where, as is the case here, the executive branch has encroached upon the Legislature's exclusive law-making authority granted by the Constitution, it is necessary to resort to the Court to vindicate the Legislature's authority. The Governor has never failed to use litigation as a means of protecting what he deems to be his executive prerogatives, and has on occasion successfully cited the separation of powers concept in support of his position. But, the doctrine of separation of powers is a two-way street; it ought to protect not only the executive branch, but the Legislature as well.

TEF:RMA/mcv

PH: 465-2200

June 17, 1980

The Honorable George M. Sullivan  
Mayor of Anchorage  
Pouch 6-650  
Anchorage, AK 99502

Dear Mr. Sullivan:

The Municipality of Anchorage has been appropriated grants from the Legislature of the State of Alaska. These grants have been appropriated in Ch. 50 SLA 80 and are governed by AS 37.05.315. Two copies of an agreement form for each grant are enclosed.

To receive each grant simply read the agreement, provide further details of grant purpose and description of the project if available, complete the certification on both copies to indicate acceptance of the grant and its conditions, attach copies of the ordinance approving the grant and mail both copies to:

Municipal Grants Program  
Division of Administrative Services  
Department of Administration  
Pouch C  
Juneau, AK 99811

Please note, that to complete the certification requires passage of an ordinance accepting the grant by the municipality. The governing statute, AS 37.05.315, requires the written agreement itself be fully executed no later than July 30, 1980. To meet this deadline, please insure that each agreement is postmarked no later than July 15, 1980. Agreements postmarked after July 15 will be processed as expeditiously as possible. Upon receipt of the agreement, the Department of Administration will complete the execution of the agreement and mail a check for 20% of the grant amount and one copy of the agreement form within ten days of the effective date of the agreement (the date signed by the Commissioner of Administration or his designee).

If the grant is for \$100,000 or less the remaining 80% shall be paid within 30 days of the initial payment. If the grant is for more than \$100,000 and is for a one time purchase, the municipality can request that the remainder of the funds be paid in a lump sum. A purchase order or other proof of funds committed must be submitted with the request.

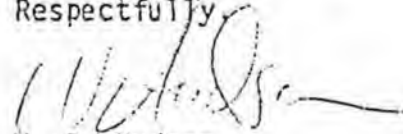
Mayor of Anchorage

-2-

June 17, 1980

If you have any questions regarding the agreement or administration of the grant, please phone the Division of Administrative Services at 465-2290.

Respectfully



W. R. Hudson  
Commissioner

WRH/nl  
Enclosure  
SP6/E

STANDARD AGREEMENT FORM  
FOR MUNICIPAL GRANTS

This agreement is executed between the State of Alaska, Department of Administration, (Hereinafter called the "State"), and Municipality of Anchorage (Hereinafter called the "Grantee"),

WITNESSETH that:

Whereas, the Grantee is willing to undertake the performance of this grant under the terms of this agreement;

Whereas, the State has the authority to enter into this agreement by AS 37.05.315,

Whereas, funding for this grant lapses

\_\_\_\_\_ on June 30, 1981

XX upon completion of the project,

Whereas, the grant # 7-012 of \$ 600,000 is for the purpose of Eagle River/Chugiak/water development including water wells (please provide further explanation and details in the space provided),

This is to provide research, planning and construction for water development in the Eagle River/Chugiak area.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I. GRANT CONDITIONS.

The Grantee:

(1) will spend the grant only for the purposes specified above.

(2) will allow, on request, an audit by the State of the uses made of the grant.

(3) assures that, to the extent consistent with the purpose of the appropriation, the facilities and services provided with the grant will be available for use of the general public.

(4) will return to the State all grant funds received for construction of a public facility if the State, upon reviewing the documentation provided and other evidence, determines that substantial, ongoing work on the project has not begun before May 31, 1985.

(5) will, for all grants for construction of a public facility, operate and maintain the facility for its practical life and that it will not look to the State to operate or maintain the facility or pay for its operation or maintenance.

(6) will provide the State, annually and within 90 days of project completion or final payment, whichever comes first, with a "financial report" on a copy of the form provided in exhibit 1.

(7) will, if the grant money is being paid in monthly installments, submit a monthly "financial report" on a form as shown in exhibit 1.

(8) will retain for a period of 3 years after project completion all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to matters covered by the grant.

(9) will return all unexpended grant monies to the State within 90 days of project completion.

ARTICLE II. TERMS OF PAYMENT.

For all grants of \$100,000 or less, 20 percent of the grant shall be paid to the grantee, as an advance, within 10 days of the effective date of this agreement. The remainder of the grant will be paid in a lump sum 30 days later unless otherwise requested by the grantee.

For all grants of \$100,000 or greater, 20 percent of the grant shall be paid to the grantee, as an advance, within 10 days of the effective date of this agreement. The remainder of the grant will be paid:

(1) in monthly installments equal to the amount of grant money the grantee expended in the previous month. The monthly installment will be paid after the State receives a completed "financial report" form (a sample of the required form is in exhibit 1);

(2) in a lump sum, on request, for a one time purchase provided that a copy of the purchase order (or other proof of funds committed) is attached to the request.

The amount of the grant is full consideration for the grantee's performance.

ARTICLE III. ADDITIONAL CONTRACT PROVISIONS.

The effective date of this grant is the date the agreement is signed by the State.

IN WITNESS WHEREOF, the parties have executed this agreement.

Approved by Ordinance # \_\_\_\_\_, dated \_\_\_\_\_

(copy attached).

Grantee

State of Alaska

By: \_\_\_\_\_

BY: \_\_\_\_\_

Date

\_\_\_\_\_

\_\_\_\_\_

(Official Title)

(Official Title)

Effective Date: \_\_\_\_\_

DISTRIBUTION Grantee ( )

Administration ( )

Budgeted funds are available for the period and purpose of this expenditure.

\_\_\_\_\_

\_\_\_\_\_

Certifying Officer

Date

3/CLR1E



STATE OF ALASKA  
DEPARTMENT OF ADMINISTRATION

EXHIBIT 1



FINANCIAL REPORT

Grantee Name and Address		Grant Number		Project Period (Month, Day, Year)	
		Report Number		From To	
		Basis of Report	Final Report		Report Period (Month, Day, Year)
		<input type="checkbox"/> Cash	<input type="checkbox"/> YES <input type="checkbox"/> NO		From To
		<input type="checkbox"/> Accrued Expenditures			
<b>PAYMENT REQUEST</b>				<b>Remarks:</b>	
A) Previously reported expenditures.....					
B) Expenditures this period.....					
C) Total expenditures to date as of .....					
D) Total grant.....					
E) Less State payments to date (including advance).....					
F) Grant amount available.....					
G) State payment now requested.....					
I certify that to the best of my knowledge and belief the data reported above is correct and all outlays were made in accordance with grant conditions and that payment is due and has not been previously requested.					
Name		Title		Telephone (Area Code, Number, Extension)	
Signature of Authorized Official				Date Report is Submitted	
For Agency Use Only					

**Instructions for completing this form:**

- Grant Name and Address: Enter the name and address of the grantee
- Grant Number: Enter the grant number used by the Department of Administration
- Report Number: Enter the payment request number; i.e., first payment request would be denoted by number "1".
- Basis of Report: Mark the appropriate box
- Final Report: Mark the appropriate box
- Project Period: Enter the month, day and year of the beginning of the project and the estimated date of project completion
- Report Period: Enter the month, day, and year of the beginning and ending dates of the period for which this report is prepared
- Payment Request
  - Line a - Enter expenditures that were reported on previous reports. This line will be line "c" from the last "Financial Report" submitted.
  - Line b - For reports which are prepared on a cash basis, expenditures are the sum of actual cash disbursement for goods and services and the amount of cash advances and payments made to subcontractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, amounts owed by the grantee for goods and other property received, amounts owed for services performed by employees, contractors, subgrantees, and other payees, and amounts becoming owed for which no current service or performance is required.
  - Line c - This amount will be line "a" plus line "b". In the blank enter the month, day, and year of the ending of the accounting period to which this amount applies.
  - Line d - Enter the total amount of the grant.
  - Line e - Enter the cumulative amount of State payments received and the amounts included in outstanding requests. This amount will be Line "a" plus the advance or the total grant amount if it has been received as a lump sum payment. The advance is equal to 20% of the total grant (Line "d").
  - Line f - Line "d" minus line "e".
  - Line g - This line will be the lesser of line "b" or line "f".
- Remarks: This space is provided for any explanation deemed necessary by the grantee.

Introduced: 5/11/81  
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 559 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

9 \* Section 1. AS 37.05.315 is repealed and reenacted to read:

10 Sec. 37.05.315. GRANTS TO MUNICIPALITIES. (a) When an amount is  
11 appropriated or allocated as a grant to a municipality, the Department  
12 of Administration shall promptly notify the municipality of the avail-  
13 ability of the grant. When the Department of Administration receives  
14 an agreement executed by the municipality which provides that the  
15 municipality (1) will spend the grant for the purposes specified in the  
16 appropriation or allocation; (2) will allow, on request, an audit by  
17 the state of the uses made of the grant; and (3) assures that, to the  
18 extent consistent with the purpose of the appropriation or allocation,  
19 the facilities and services provided with the grant will be available  
20 for the use of the general public, the Department of Administration  
21 shall pay the grant directly to the municipality. The agreement  
22 executed by a municipality under this section shall be on a form  
23 furnished by the Department of Administration and shall be executed  
24 within 60 days after the effective date of the appropriation or alloca-  
25 tion.

26 (b) An appropriation or allocation for a grant to a municipality  
27 for construction of a public facility lapses if substantial, ongoing  
28 work on the project has not begun within five years after the effective  
29 date of the appropriation or allocation.

1 (c) In accepting a grant of money for construction of a public  
2 facility, a municipality covenants with the state that it will operate  
3 and maintain the facility for the practical life of the facility and  
4 that the municipality will not look to the state to operate or maintain  
5 the facility or pay for its operation or maintenance. This requirement  
6 does not apply to a grant for money for repair or improvement of an  
7 existing facility operated or maintained by the state at the time the  
8 grant is accepted if the repair or improvement for which the grant is  
9 made will not substantially increase the operating or maintenance costs  
10 to the state.

11 (d) Not less than 20 percent of a grant shall be paid to a  
12 municipality within 10 days of the effective date of the agreement  
13 under (a) of this section. The remainder of the grant shall be paid  
14 either in monthly installments equal to the amount of grant money the  
15 municipality expended in the previous month or in a lump sum as deter-  
16 mined by the Department of Administration.

17 \* Sec. 2. AS 37.05 is amended by adding new sections to read:

18 Sec. 37.05.316. GRANTS TO NAMED RECIPIENTS. When an amount is  
19 appropriated or allocated to a department as a grant for a named  
20 recipient which is not a municipality, the department to which the  
21 appropriation or allocation is made shall promptly notify the named  
22 recipient of the availability of the grant and request the named  
23 recipient to submit a proposal to provide the goods or services speci-  
24 fied in the appropriation act, or both, for which the appropriation or  
25 allocation is made. At the same time, the department may issue a  
26 request for proposals from other qualified persons to provide the same  
27 goods or services, or both, in the same area. The department shall  
28 contract with the named recipient unless the Office of the Governor,  
29 with due regard for any local expertise or experience among those

1 making proposals, determines that an award of the contract to a  
2 different party would better serve the public interest. If the con-  
3 tract is awarded to another party than that named by the legislature,  
4 the basis of that action shall be stated in writing at the time the  
5 grant is issued and a copy of the written statement shall be sent to  
6 the Legislative Budget and Audit Committee. A contract shall be  
7 executed within 60 days after the effective date of the appropriation  
8 or allocation. The purchase of the goods or services, or both, shall  
9 be in accordance with AS 37.05.230(1)(C).

10 Sec. 37.05.317. GRANTS TO UNINCORPORATED COMMUNITIES. When an  
11 amount is appropriated or allocated as a grant under this section to an  
12 unincorporated community, it shall be disbursed as follows:

13 (1) Within 45 days after the effective date of the appropria-  
14 tion or allocation, the Department of Community and Regional Affairs  
15 shall notify the governing body of the unincorporated community, if  
16 any, that a grant is available.

17 (2) The Department of Community and Regional Affairs shall  
18 determine if there is a qualified incorporated entity in the community  
19 area which will agree to receive the grant and administer it, subject  
20 to terms generally applicable to private grantees. If there is more  
21 than one such entity, the Department of Community and Regional Affairs  
22 shall select the most qualified and the grant shall be awarded to that  
23 incorporated entity for the purposes specified in the appropriation  
24 act. However, the Department of Community and Regional Affairs shall  
25 give preference to a nonprofit corporation organized by a community for  
26 receipt of the grant.

27 (3) If there is no incorporated entity qualified to receive  
28 the grant, the Department of Community and Regional Affairs shall  
29 administer the program as specified in the appropriation act directly

1 or through agents or contractors with whom it may contract in the  
2 community area.

3 Sec. 37.05.318. EXEMPTION FROM REGULATIONS. Notwithstanding the  
4 Administrative Procedure Act (AS 44.62), the Fiscal Procedures Act  
5 (AS 37.05), and the Executive Budget Act (AS 37.07), a state agency may  
6 not adopt regulations or impose additional requirements or procedures to  
7 implement, interpret, make specific, or otherwise carry out the pro-  
8 visions of AS 37.05.315, 37.05.316, and 37.05.317 unless required by  
9 the federal government for participation in federal programs.

10 Sec. 37.05.319. DEFINITIONS. In AS 37.05.315, 37.05.316, and  
11 37.05.317, "appropriation" and "allocation" have the meanings set out  
12 in AS 37.07.120(4) and (5).

13 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
14 070(c).

COMMITTEE REPORT  
SENATE

FURTHER: 8-3

8/27/78

Date: May 24, 1978

Mr. President:

The Committee on FINANCE has had 80 560

reBrads of 1980 auto income taxes

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title An Act relating to refunds of 1980 state income taxes  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection And Management  
 BRU, Program, or Subprogram(s) Affected Audit Division  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		66.9				
200 TRAVEL						
300 CONTRACTUAL		12.0				
400 COMMODITIES		1.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>80.5</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		80.5				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		5				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memo to R. D. Stevenson dated May 14, 1981.

IV. DATE May 14, 1981

PREPARED BY Gary L. Jenkins  
 AGENCY Audit Division  
 PHONE 465-2320

Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

STATE  
of ALASKA

# MEMORANDUM

TO:  R. D. Stevenson  
Legislative Assistant

DATE : May 14, 1981

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: SB 560

This bill would extend the date for filing a claim for a refund of the 1980 individual income tax from May 31, 1981 to October 1, 1981. This would necessitate the extension of the staff necessary to process those application. The staff needed is 3 tax examiners and 1 clerk III to handle those applications which are not complete or are in error and 1 tax examiner to handle the returned refund warrants and to attempt to find a correct address.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title relating to refunds of 1980 state income taxes  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_ General Government \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		48.8				
200 TRAVEL						
300 CONTRACTUAL		18.6				
400 COMMODITIES		.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		67.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		67.9				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		7/56mm				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Extention of the application date to October 1, 1981 will require extention of the resources to continue receiving and processing refund applications and payments.

Positions: 6 R 7 and 1 R 17 for 4mm each plus 25% = 48.8  
 Other Expenditures: Postage - 20,000 payments @ .18¢ each = 3.6  
 Miscellaneous - toll calls, insurance, etc = 1.0  
 Equipment - 2 Crt's, 1 ctl unit, 1 prnter = 4.5  
 D P Chargeback - Processing = 7.0  
 data capture & Inquiry = 2.5  
 = 18.6  
 Commodities: = .5  
 Additional processing costs to October 1, 1981 = 67.9

IV. DATE May 19, 1981 PREPARED BY *P. A. Wall*  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
Title An Act relating to refunds of 1980 state income taxes.  
Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
Program Category Affected \_\_\_\_\_  
BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE May 12, 1981 PREPARED BY Robert W. Elliott  
AGENCY Revenue  
PHONE 465-2309  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Introduced: 5/11/81  
Referred: Finance

1 IN THE SENATE

BY COLLETTA

2 SENATE BILL NO. 560

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds of 1980 state income  
7 taxes; and providing for an effective date."

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

9 \* Section 1. Section 7(c), ch. 1, SSSLA 1980 is amended to read:

10 (c) The department shall establish procedures for determining the  
11 amount of and for making the refunds described in (a) of this section.  
12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by October 1,  
14 1981.

15 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

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Introduced: 5/11/81  
Referred: - Finance

1 IN THE SENATE

BY COLLETTA

2 SENATE BILL NO. 560

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds of 1980 state income  
7 taxes; and providing for an effective date."

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

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11 amount of and for making the refunds described in (a) of this section.

12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by October 1,  
14 1981.

15 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

RECEIVED 6/3/81

Bill already passed  
from committee

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

May 20, 1981.

The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee  
Room 525 - Capitol  
Juneau, AK 99811

Re: Senate Bill No. 560

Dear Senators Bennett and Dankworth:

Senate Bill No. 560, an Act relating to refunds of 1980 state income taxes, was introduced in the Senate on May 11, 1981, and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Gary L. Jenkins, Director, Audit Division; Mr. Phil Wall, Director, Administrative Services Division and Mr. Robert W. Elliott, Research Section of the Department of Revenue concerning the proposed legislation.

Sincerely,

  
R. D. Stevenson  
Special Assistant

cc: Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Phil Wall, Director  
Administrative Services Division  
Department of Revenue

Gary L. Jenkins, Director  
Audit Division  
Department of Revenue

Robert W. Elliott  
Research Section  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title An Act relating to refunds of 1980 state income taxes  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection And Management  
 BRU, Program, or Subprogram(s) Affected Audit Division  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		66.9				
200 TRAVEL						
300 CONTRACTUAL		12.0				
400 COMMODITIES		1.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>80.5</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		80.5				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		5				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memo to R. D. Stevenson dated May 14, 1981.

IV. DATE May 14, 1981

PREPARED BY Gary L. Jenkins  
 AGENCY Audit Division  
 PHONE 465-2320

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

STATE  
of ALASKA

# MEMORANDUM

TO:  R. D. Stevenson  
Legislative Assistant

DATE : May 14, 1981

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: SB 560

This bill would extend the date for filing a claim for a refund of the 1980 individual income tax from May 31, 1981 to October 1, 1981. This would necessitate the extension of the staff necessary to process those application. The staff needed is 3 tax examiners and 1 clerk III to handle those applications which are not complete or are in error and 1 tax examiner to handle the returned refund warrants and to attempt to find a correct address.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title relating to refunds of 1980 state income taxes  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_ General Government \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		48.8				
200 TRAVEL						
300 CONTRACTUAL		18.6				
400 COMMODITIES		.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		67.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		67.9				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		7/56mm				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Extention of the application date to October 1, 1981 will require extention of the resources to continue receiving and processing refund applications and payments.

Positions: 6 R 7 and 1 R 17 for 4mm each plus 25% = 48.8  
 Other Expenditures: Postage - 20,000 payments @ .18¢ each = 3.6  
 Miscellaneous - toll calls, insurance, etc = 1.0  
 Equipment - 2 Crt's, 1 ctl unit, 1 prnter = 4.5  
 D P Chargeback - Processing = 7.0  
 data capture & Inquiry = 2.5  
 = 18.6  
 Commodities: = .5  
 Additional processing costs to October 1, 1981 = 67.9

IV. DATE May 19, 1981 PREPARED BY *P. A. Wall*  
 AGENCY Revenue  
 PHONE 465-2313  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title An Act relating to refunds of 1980 state income taxes.  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE May 12, 1981 PREPARED BY Robert W. Elliott  
 AGENCY Revenue  
 PHONE 465-2309  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

*Robert W. Elliott*

# COMMITTEE REPORT

## HOUSE

FURTHER:

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on FINANCE has had FB 980am

the Act relative to several of the 1970 SEVEN income taxes; and providing for an effective date.

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

Original sponsor: Colletta

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 560 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds of 1979 and 1980 state  
7 income taxes; and providing for an effective date."

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

9 \* Section 1. Section 7(c), ch. 1, SSSLA 1980 is amended to read:

10 (c) The department shall establish procedures for determining the  
11 amount of and for making the refunds described in (a) of this section.  
12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by October 15,  
14 1981.

15 \* Sec. 2. Section 7(c), ch. 2, SSSLA 1980 is amended to read:

16 (c) The department shall establish procedures for determining the  
17 amount of and for making the refunds described in (a) of this section.  
18 The department shall make the refund described in (a) of this section  
19 to each eligible person who applies to the department by October 15,  
20 1981.

21 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.  
22 070(c).

23  
24  
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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560

Title relating to refunds of 1980 state income taxes

Requested by Senate Finance Committee

Date May 12, 1981

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_

Program Category Affected \_\_\_\_\_ General Government \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected Administration and Support, Management Services

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		48.8				
200 TRAVEL						
300 CONTRACTUAL		18.6				
400 COMMODITIES		.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>67.9</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		67.9				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		7/56mm				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Extention of the application date to October 1, 1981 will require extention of the resources to continue receiving and processing refund applications and payments.

Positions: 6 R 7 and 1 R 17 for 4mm each plus 25% = 48.8

Other Expenditures: Postage - 20,000 payments @ .18¢ each = 3.6

Miscellaneous - toll calls, insurance, etc = 1.0

Equipment - 2 Crt's, 1 ctl unit, 1 prnter = 4.5

D P Chargeback - Processing = 7.0

data capture & Inquiry = 2.5

Commodities:

= 18.6

=====  
= .5

Additional processing costs to October 1, 1981

67.9

IV. DATE May 19, 1981

PREPARED BY

*P. A. Wall*  
P. A. WALL

AGENCY

Revenue

Original: Legislative Finance

PHONE

465-2313

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560  
 Title An Act relating to refunds of 1980 state income taxes.  
 Requested by Senate Finance Committee Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) NONE

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE May 12, 1981

Original: Legislative Finance

PREPARED BY Robert W. Elliott  
 AGENCY Revenue  
 PHONE 465-2309

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 560

Title An Act relating to refunds of 1980 state income taxes

Requested by Senate Finance Committee

Date May 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection And Management

BRU, Program, or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		66.9				
200 TRAVEL						
300 CONTRACTUAL		12.0				
400 COMMODITIES		1.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		80.5				

FUNDING (Thousands of Dollars)

GENERAL FUND		80.5				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		5				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section II)

See attached memo to R. D. Stevenson dated May 14, 1981.

IV. DATE May 14, 1981

PREPARED BY Gary I. Jenkins

AGENCY Audit Division

PHONE 465-2320

Original: Legislative Finance

STATE  
of ALASKA

# MEMORANDUM

TO:  R. D. Stevenson  
Legislative Assistant

DATE : May 14, 1981

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: SB 560

This bill would extend the date for filing a claim for a refund of the 1980 individual income tax from May 31, 1981 to October 1, 1981. This would necessitate the extension of the staff necessary to process those application. The staff needed is 3 tax examiners and 1 clerk III to handle those applications which are not complete or are in error and 1 tax examiner to handle the returned refund warrants and to attempt to find a correct address.

Introduced: 5/11/81  
Referred: Finance

1 IN THE SENATE

BY COLLETTA

2 SENATE BILL NO. 560 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

1979 ✓

6 For an Act entitled: "An Act relating to refunds of 1980 state income  
7 taxes; and providing for an effective date."

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

9 \* Section 1. Section 7(c), ch. 1, <sup>4 ch. 2</sup> SSSLA 1980 ~~is~~ amended to read:

10 (c) The department shall establish procedures for determining the  
11 amount of and for making the refunds described in (a) of this section.  
12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by October 15,  
14 1981.

15 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
16 070(c).

29

AMENDED

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB 560 (Finance) am H  
 Title An Act relating to refunds of 1979 and 1980 state income taxes  
 Requested by Legislative Finance Date 6/19/81

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection And Management  
 BRU, Program, or Subprogram(s) Affected Audit Division  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		84.0	28.1	28.1		
200 TRAVEL						
300 CONTRACTUAL		1.8	.3	.3		
400 COMMODITIES		.6	.3	.3		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>86.4</b>	<b>28.7</b>	<b>28.7</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND		86.4	28.7	28.7		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3	1	1		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memorandum to R. D. Stevenson dated June 19, 1981.

*Rec'd  
6/19/81 after  
bill reported  
out HFC*

*Gary L. Jenkins*

IV. DATE June 19, 1981 PREPARED BY Gary L. Jenkins  
 AGENCY Audit Division U  
 PHONE 465-2320  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

# MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson  
Legislative Assistant

DATE: June 19, 1981

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins  
Director  
Audit Division

SUBJECT: HB 560 Fiscal Note

It is my understanding that the Budget Free Conference Committee has approved my request for the extension of the eleven (11) positions for six months as I had requested in my budget amendment. If this is correct and remains unchanged, I will not need the three (3) six month positions which were requested in my last fiscal note on HB 560. Those positions were requested because, at the time the fiscal note was prepared, there was considerable doubt regarding the approval of my budget amendment for the eleven positions. Our request now is for three tax examiner positions for all of next fiscal year and one of those three to carry on through FY 84. The three positions will be needed to process the additional 1979 and 1980 claims which will be received next year and to provide additional taxpayer assistance in the preparation of the claims. As the year progresses, if we find that we do not have the workload necessary to keep all three positions filled, we will hold the positions vacant for the balance of the year.

GLJ

Original sponsor: Colletta

Offered: 5/28/81  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 560 (Finance) am H

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds of 1979 and 1980 state  
7 income taxes; and providing for an effective date."

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

9 \* Section 1. Section 7(c), ch. 1, SSSLA 1980 is amended to read:

10 (c) The department shall establish procedures for determining the  
11 amount of and for making the refunds described in (a) of this section.  
12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by April 15,  
14 1984.

15 \* Sec. 2. Section 7(c), ch. 2, SSSLA 1980 is amended to read:

16 (c) The department shall establish procedures for determining the  
17 amount of and for making the refunds described in (a) of this section.  
18 The department shall make the refund described in (a) of this section  
19 to each eligible person who applies to the department by April 15,  
20 1983.

21 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
22 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB 560 (Finance)

Title An Act relating to refunds of 1979 and 1980 state income taxes

Requested by House Rules Committee

Date May 29, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection And Management

BRU, Program, or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		75.0				
200 TRAVEL						
300 CONTRACTUAL		12.0				
400 COMMODITIES		1.8				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		88.8				

*Rec'd 6/1/81  
after bill  
Carla  
HFC*

FUNDING (Thousands of Dollars)

GENERAL FUND		88.8				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		6				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would extend the date for filing a claim for a refund of the 1979 and 1980 individual income tax from May 1, 1981 and May 31, 1981 respectively, to October 15, 1981. This would necessitate the extension of the staff necessary to process those applications. The staff needed is 4 tax examiners and 1 clerk III to handle those applications which are not complete or are in error and 1 tax examiner to handle the returned refund warrants and to attempt to find a correct address.

*Gary L. Jenkins*

IV. DATE May 29, 1981

PREPARED BY Gary L. Jenkins

AGENCY Audit Division

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB 560 (Fin)  
 Title Refunds of 1979 & 1980 State Income Taxes  
 Requested by House Finance Date 5-28-81

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_ Revenue \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_ General Gov. rnement \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		82.0				
200 TRAVEL						
300 CONTRACTUAL		35.7				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>118.7</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		118.7				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		11/44mm				
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Extension of the application date to October 1, 1981 will require additional expenditures for receiving and processing 1979 and 1980 refund applications and payments:

Positions: 10 R7 & 1 R17 for 4mm plus 25 Percent = 82.0

Other Expenditures: Postage - 40,000 Payments @ 18 Cents = 7.2  
 Miscellaneous - Toll Calls, Insurance, etc. = 2.0  
 Equipment - 5 CRT's, 1 Ctl Unit, 1 Printer = 5.5  
 DP Chargeback - Processing Data Capture = 15.0  
 Data Capture & Inquiry = 6.0 = 35.7

Commodities = 1.0

Additional Cost to October 1, 1981 = 118.7

IV. DATE 5-28-81 PREPARED BY Philip A. Wall  
 AGENCY Revenue  
 Original: Legislative Finance PHONE 465-2313  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for SB 560 (Finance)  
 Title An Act relating to refunds of 1979 and 1980 state income taxes.  
 Requested by House Rules Committee Date May 29, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Millions of Dollars)  
 (~~Thousands~~)

GENERAL FUND		28.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

\$28.2 million is the amount of the FY 81 appropriation that has not been utilized 1979 tax rebate, 1979 and 1980 credits, and 1980 refunds. If the money cannot be extended into FY 1982, \$28.2 million will have to be appropriated in order for the Department to process applications that come in between July 1, 1981 and October 15, 1981.

Above figure can be broken down in the following manner:

1979 Refunds and Credits	\$7,575,534
1980 Refunds	\$20,605,233

*Joseph K. Donohue*  
 Joseph K. Donohue

IV. DATE May 29, 1981 PREPARED BY Joseph K. Donohue  
 AGENCY Revenue  
 PHONE 465-2300  
 Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Original sponsor: Colletta

Offered: 5/28/81  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 560 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to refunds of 1979 and 1980 state  
7 income taxes; and providing for an effective date."

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

9 \* Section 1. Section 7(c), ch. 1, SSSLA 1980 is amended to read:

10 (c) The department shall establish procedures for determining the  
11 amount of and for making the refunds described in (a) of this section.  
12 The department shall make the refund described in (a) of this section  
13 to each eligible person who applies to the department by October 15,  
14 1981.

15 \* Sec. 2. Section 7(c), ch. 2, SSSLA 1980 is amended to read:

16 (c) The department shall establish procedures for determining the  
17 amount of and for making the refunds described in (a) of this section.  
18 The department shall make the refund described in (a) of this section  
19 to each eligible person who applies to the department by October 15,  
20 1981.

21 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
22 070(c).

COMMITTEE REPORT  
SENATE

FURTHER: None

6/22/81

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had SB 566

award of costs and attorney fees to a defendant acquitted of an offense against the state

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

Introduced: 5/15/81  
Referred: Judiciary and Finance

1 IN THE SENATE

BY HOHMAN

2 SENATE BILL NO. 566

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for an award of costs and attorney  
7 fees to a defendant acquitted of an offense against  
8 the state."

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

10 \* Section 1. AS 12.45 is amended by adding a new section to read:

11 Sec. 12.45.145. ACQUITTED DEFENDANT ENTITLED TO COSTS AND ATTORNEY  
12 FEES. (a) If a judgment of acquittal is entered in favor of a  
13 defendant charged with committing an offense under state law, the de-  
14 fendant is entitled to recover from the state his actual costs in  
15 defending the action, including actual attorney fees. The court shall  
16 enter on the record the amount of costs awarded to an acquitted  
17 defendant.

18 (b) If a defendant is charged in the same action with more than  
19 one offense, he is not entitled to an award under this section if a  
20 judgment of guilty is entered against him on any offense or lesser  
21 included offense in that action.

22 (c) An award under this section shall include the actual costs of  
23 the defendant, including actual attorney fees, incurred in every trial,  
24 appeal, or other proceeding held in the same action.

25 (d) This section does not apply to a defendant represented by  
26 counsel at public expense.

27 \* Sec. 2. This Act applies only to actions in which a judgment of  
28 acquittal is entered on or after the effective date of this Act.

29

ALASKA STATE LEGISLATURE

TWELFTH Legislature FIRST Session

SENATE BILL NO. 566

By HOHMAN

"An Act providing for an award of costs and attorney fees to a defendant acquitted of an offense against the state."

Introduced in the Senate 5/15/81, 19....

HISTORY IN THE SENATE

19 81 Read first time and referred to Committee on

5 15 JUDICIARY and FINANCE  
6 22 *Yed Warner - To Sen*  
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 President  
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Read first time and referred to Committee on

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  
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

Introduced: 5/15/81  
Referred: Judiciary and Finance

1 IN THE SENATE

BY HOHMAN

2 SENATE BILL NO. 566

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for an award of costs and attorney  
7 fees to a defendant acquitted of an offense against  
8 the state."

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

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14 fendant is entitled to recover from the state his actual costs in  
15 defending the action, including actual attorney fees. The court shall  
16 enter on the record the amount of costs awarded to an acquitted  
17 defendant.

18 (b) If a defendant is charged in the same action with more than  
19 one offense, he is not entitled to an award under this section if a  
20 judgment of guilty is entered against him on any offense or lesser  
21 included offense in that action.

22 (c) An award under this section shall include the actual costs of  
23 the defendant, including actual attorney fees, incurred in every trial,  
24 appeal, or other proceeding held in the same action.

25 (d) This section does not apply to a defendant represented by  
26 counsel at public expense.

27 \* Sec. 2. This Act applies only to actions in which a judgment of  
28 acquittal is entered on or after the effective date of this Act.

29

**COMMITTEE REPORT**  
**SENATE**

FURTHER:

Date: \_\_\_\_\_

Mr. President:

The Committee on \_\_\_\_\_ has had \_\_\_\_\_

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

May 27, 1981

The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee  
Room 525 - Capitol Building  
Juneau, Alaska

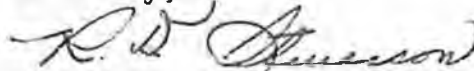
Dear Senators Bennett and Dankworth:

Re: Senate Bill No. 572

Senate Bill No. 572, an Act making a continuing appropriation for general obligation bond debt service, was introduced in the Senate on May 19, 1981 and was referred to the Senate Finance Committee.

For the consideration of the Senate Finance Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm Staack, Treasury Comptroller, Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

CC: Thomas K. Williams  
Commissioner  
Department of Revenue

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Anselm Staack  
Treasury Comptroller  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SB 572

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 572  
 Title Making a continuing appropriation for general obligation annual debt service  
 Requested by Senate Finance Committee Date 5/19/81

II. FISCAL DETAIL

Agency Affected State Bond Committee  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars) → MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		105.9	137.8	160.5	153.8	148.8
TOTAL		105.9	137.8	160.5	153.8	148.8

→ MILLIONS ←  
FUNDING (~~Thousands~~ of Dollars)

GENERAL FUND		105.9	137.8	160.5	153.8	148.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would, in effect, provide for the appropriation of those amounts required for the payment of annual debt service automatically on issued and outstanding general obligation bonds.

THE ABOVE AMOUNTS INCLUDE ALL BOND ISSUES THRU 1980, SERIES A PLUS AN ESTIMATE OF THE DEBT SERVICE THAT WOULD BE REQUIRED ON NEW BOND SALES DURING 1981 AND 1982. NO NEW PROGRAMS OR SERVICES ARE ADDED; THE ABOVE SIMPLY REFLECTS THOSE AMOUNTS WHICH WOULD HAVE TO BE APPROPRIATED ANYWAY TO COVER BONDS ALREADY COMMITTED TO.

NO ADMINISTRATIVE COSTS ARE NECESSARY.

*Anselm C. Staack*

IV. DATE May 26, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Dept. of Revenue/Treasury Division  
 PHONE 465-2351

Original: Legislative Finance  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Introduced: 5/19/81  
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 572

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for general  
7 obligation bond debt service; and providing for an  
8 effective date."

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

10 \* Section 1. AS 37.15 is amended by adding a new section to read:

11 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The  
12 amounts required annually to pay the principal, interest, and redemp-  
13 tion premium on all issued and outstanding general obligation bonds of  
14 the state are appropriated on July 1 of each year from the general fund  
15 to the state bond committee to make all required payments of principal,  
16 interest, and redemption premium.

17 \* Sec. 2. This Act takes effect July 1, 1981.

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SENATE AMENDMENT

By Dankworth

To: \_\_\_\_\_ SENATE BILL No. 572

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

PAGE: 1 LINE: 15

after the words "bond committee" and before the word "to" add  
and shall be paid by the Commissioner of Revenue directly

COMMITTEE REPORT

HOUSE

FURTHER:

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on \_\_\_\_\_ has had \_\_\_\_\_

under consideration and reports it back as follows:

do pass  do not pass

do pass with attached amendments(s)

replace with CS for \_\_\_\_\_  same title

and recommends \_\_\_\_\_  new title

AND attaches a "Letter of Intent"  New Fiscal Note

reports it back without recommendation

referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SB 572

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 572

Title Making a continuing appropriation for general obligation annual debt service

Requested by Senate Finance Committee Date 5/19/81

II. FISCAL DETAIL

Agency Affected State Bond Committee

Program Category Affected \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars) → MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		105.9	137.8	160.5	153.8	148.8
TOTAL		105.9	137.8	160.5	153.8	148.8

→ MILLIONS ←  
FUNDING (~~Thousands~~ of Dollars)

GENERAL FUND		105.9	137.8	160.5	153.8	148.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section II)

This bill would, in effect, provide for the appropriation of those amounts required for the payment of annual debt service automatically on issued and outstanding general obligation bonds.

THE ABOVE AMOUNTS INCLUDE ALL BOND ISSUES THRU 1980, SERIES A PLUS AN ESTIMATE OF THE DEBT SERVICE THAT WOULD BE REQUIRED ON NEW BOND SALES DURING 1981 AND 1982. NO NEW PROGRAMS OR SERVICES ARE ADDED; THE ABOVE SIMPLY REFLECTS THOSE AMOUNTS WHICH WOULD HAVE TO BE APPROPRIATED ANYWAY TO COVER BONDS ALREADY COMMITTED TO.

NO ADMINISTRATIVE COSTS ARE NECESSARY.

*Anselm C. Staack*

IV. DATE May 26, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 5/19/81  
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 572

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a continuing appropriation for general  
7 obligation bond debt service; and providing for an  
8 effective date."

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

10 \* Section 1. AS 37.15 is amended by adding a new section to read:

11 Sec. 37.15.012. CONTINUING DEBT SERVICE APPROPRIATION. The  
12 amounts required annually to pay the principal, interest, and redemp-  
13 tion premium on all issued and outstanding general obligation bonds of  
14 the state are appropriated on July 1 of each year from the general fund  
15 to the state bond committee to make all required payments of principal,  
16 interest, and redemption premium.

17 \* Sec. 2. This Act takes effect July 1, 1981.

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LAW OFFICES  
ORRICK, HERRINGTON & SUTCLIFFE  
A PROFESSIONAL CORPORATION

600 MONTGOMERY STREET  
SAN FRANCISCO, CALIFORNIA 94111  
TELEPHONE (415) 362-1122  
CABLE "ORRICK"  
TELEX 34 0973

SACRAMENTO OFFICE  
520 CAPITOL MALL  
SACRAMENTO, CALIFORNIA 95814  
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ERIC SUTCLIFFE  
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JAMES H. BENNEY  
C. RICHARD WALKER  
JAMES F. CRAFTS, JR.  
JAMES K. HAYNES  
RICHARD E. SALLADIN  
RICHARD J. LUCAS  
CARLO E. FOWLER  
DONALD A. SLICHTER  
PAUL A. WEBBER  
JAMES R. MADISON  
DILLMAN C. RINSELL, JR.  
WILLIAM L. HOISINGTON  
THOMAS R. SHEARER, JR.  
CAMERON W. WOLFE, JR.  
RALPH C. WALKER  
H. PETER LILLIVAND  
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RAYMOND G. ELLIS  
STEVEN A. BRICK  
JOHN F. SEEGAL  
ROBERT P. FEYER  
NORMAN C. HILE  
TOWER C. SNOW, JR.  
ROWER L. DAVIS  
ALAN K. AUSTIN  
RALPH H. BAXTER, JR.  
GEORGE G. WOLF  
RONALD HAYES MALONE  
JEFFREY S. WHITE

May 28, 1981

RECEIVED  
JUN 03 1981

ALASKA DEPARTMENT OF REVENUE  
TREASURY DIVISION  
JUNEAU

Mr. Anselm C. Staack  
Comptroller, Treasury Division  
Department of Revenue  
State of Alaska  
Pouch SB  
Juneau, Alaska 99811

Re: Senate Bill No. 572

Dear Mr. Staack:

In accordance with our telephone conversation today, a copy of my letter of February 10, 1976 to Bob Stevenson, with respect to House Bill No. 669 of that year, is enclosed herewith.

I believe that everything I said in that letter with respect to that bill now applies to the present Senate Bill No. 572, except the first paragraph on page 4 of the letter, which relates to a subsection of the previous bill dealing with notes and not included in Senate Bill No. 572.

I am inclined to prefer the language of the 1976 bill, but I believe that the language of the current bill substantially accomplishes the same purpose, and I think that its passage would be very desirable.

Sincerely yours,

*C. Richard Walker*

Enclosure

ORRICK, HERRINGTON, ROWLEY & SUTCLIFFE

COUNSELORS AND ATTORNEYS AT LAW

ELEVENTH FLOOR

600 MONTGOMERY STREET

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JOSEPH J. HUGHES  
RALPH C. WALREP  
H. PETER LILLEVAND  
WILLIAM E. DONOVAN  
ROBERT J. GLOISTEIN  
W. REECE BADER  
PAUL J. SAX  
MAYTELLEN B. CATTANI  
WILLIAM L. RILEY  
THOMAS UHTERMAN

February 10, 1976

Mr. R. D. Stevenson  
Special Assistant  
Department of Revenue  
State of Alaska  
Pouch S, Alaska Office Building  
Juneau, Alaska 99811

Re: House Bill No. 669

Dear Mr. Stevenson:

In accordance with your letter of January 31, this is to state again the reasons why I believe it is important to the State of Alaska that House Bill No. 669 become law as soon as possible. Subsection (a) of AS §37.15.815, as proposed to be added by House Bill No. 669, makes a continuing appropriation for the payment of debt service on general obligation bonds of the State, including bonds heretofore authorized and those which may hereafter be authorized.

As a matter of history, prior to 1972 each bond authorization statute adopted by the Alaska Legislature provided for the establishment of a special redemption fund for the particular issue of bonds being authorized. Each such statute provided that there should be set aside to the credit of the special redemption fund such amounts of money as might be necessary to pay the debt service on the bonds being authorized, and that the fund should be used for no other purpose. This procedure resulted in the creation of a long list of special funds and in unnecessary and cumbersome accounting and other expense for the State.

In 1971, the Revisor of Statutes undertook to prepare a new basic form of bond authorization bill, eliminating unnecessary language in the form theretofore used. His work, in consultation with the office of the Attorney General and bond counsel, resulted in a "streamlined" form of bond authorization bill which was the form used for all of the 1972 bond authorization statutes and which is still in use. One aspect of this new form of bill is the complete elimination of the former provision for a special redemption fund; however, this provision was eliminated with the understanding that it would be replaced by some other form of concrete assurance to bondholders that funds would be set aside for

Mr. R. D. Stevenson  
February 10, 1976  
Page 2

the payment of debt service on their bonds, specifically, a continuing appropriation of the kind proposed by House Bill No. 669. Bills to this effect have been introduced in past legislative sessions, but no such bill has yet been adopted, leaving a gap in the statutory scheme for general obligation bonds of the State.

The establishment of a continuing appropriation for debt service, like that which would be provided by House Bill No. 669, is important to the State and to its bondholders. The present procedure, in which the payment of the general obligation debt of the State must depend upon annual appropriations, is impractical, serves no purpose, is dangerous to the credit of the State and is essentially intolerable.

First, it is very difficult, if not impossible, for the administration to make an accurate estimate of the debt service to become due in a future year, unless it is known in advance, as a matter of certainty, that no additional bonds will be issued before the end of that year. If additional bonds may be issued in the year for which the appropriation is to be made or during the time between the preparation of the budget and the commencement of that year, the amount of debt service which will become due thereon will depend upon the amount of additional bonds to be issued, the times at which those bonds are issued and the interest rates which they bear. It is impossible to predict all of these factors a year and a half in advance. Consequently, the annual appropriation will virtually always be too large or too small. If it is too small, it may be necessary to secure a supplemental appropriation, perhaps even a special legislative session called for that purpose, in order to avoid a default on the debt of the State. To avoid calling a special legislative session to provide an appropriation for debt service on bonds to be issued, the State Bond Committee may be forced to delay needed borrowing or to offer bonds with undesirable terms. This has happened in the past.

Secondly, even if the appropriation proposed by the administration in a given year is, somehow, exactly the correct amount, it is entirely possible that the Legislature at that particular session will not make the appropriation, or will not make it as soon as necessary, because of a deadlock over some unrelated issue, or for some other reason.

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In other words, with the present appropriation system, the State may find it necessary to make undesirable and uneconomic changes in the time of issuance, amount or features of bonds being issued. More important, it could happen that bonds of the State could go into default, to the disappointment of bondholders and to the detriment of the credit of the State, because of a failure of the present system.

Even if the State were able to continue under the present system without any default and without extensive damage or serious inconvenience to its debt management policy, the mere fact that the present gap in the statutes exists--the fact that no permanent statute definitively implements the State's promise that its bonds are secured by its full faith and credit--may well harm the credit of the State, reduce the marketability of its bonds and increase the interest costs thereon. This is especially true now because of the crisis in New York, discussion in the financial press as to the enforceability and priority of general obligation bonds of New York City and the State of New York and the resulting general concern among investors and underwriters as to the practical effect of pledges of full faith and credit.

On the other hand, I can see no reason whatsoever for continuing the present system. The proposed continuing appropriation for general obligation bonds, of course, relates only to debt of the State heretofore or hereafter authorized by the Legislature and by a majority of the voters voting on the bond propositions at statewide elections, debt to the payment of which, under the Alaska Constitution and statutes, "the full faith, credit and resources" of the State are pledged. It is unthinkable that the Legislature or the administration should violate this pledge by failing to budget or appropriate the full amount necessary. Consequently, there is no purpose whatsoever in attempting to retain any power in the Legislature, through control of annual appropriations, to cause the debt of the State to go unpaid. Moreover, since the continuing appropriation in House Bill No. 669 is, by definition, exactly in the amount of debt service required, the Legislature will not be called upon annually to appropriate amounts which may exceed those which turn out to be required, a procedure which is virtually necessary to avoid deficits under the present system.

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Subsection (b) of AS §37.15.815, as proposed to be added by House Bill No. 669, provides a continuing appropriation for the payment of interest on bond anticipation notes issued in anticipation of general obligation bonds, and on revenue anticipation notes. Although provision for these notes is not as important as the basic provision of subsection (a) for general obligation bonds, nearly all of the reasons supporting adoption of subsection (a) apply also to subsection (b). Further, it is even less possible, at the time of preparation of the budget, to predict the amount of interest which may be payable on notes than it is to predict the debt service on general obligation bonds. It can seldom be determined more than a short time in advance whether the issuance of notes will be necessary or advantageous. Consequently, at the time the budget is prepared, it will almost never be known whether or not there will be any interest to pay on notes during the next fiscal year.

As to the legal authority for House Bill No. 669, the following points may be mentioned:

(a) As I understand the annual financial report of the State, Alaska now has many continuing appropriations in effect.

(b) I see nothing in the Alaska Constitution which would forbid a continuing appropriation of the kind suggested, and in my opinion House Bill No. 669 would be a valid, constitutional enactment.

(c) The procedure suggested is substantially like that followed by the State of California, except that in California a continuing appropriation is made as to each bond authorization at the time of authorization. E.g., Calif. Water Code §11922.5; see Calif. Government Code §16724(d). Continuing appropriations of this kind have been upheld by the Supreme Court of California. Cf. Riley v. Johnson, 219 Cal. 513 (1933); Riley v. Johnson, 6 Cal. 2d 529 (1936).

(d) The State of Hawaii also has adopted a continuing appropriation for the payment of debt service on bonds of the State, which is a single provision applying to all bonds, present and future, like that proposed by House Bill No. 669. Hawaii Rev. Stat. (1968) §39-11.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SB 572

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SENATE BILL NO. 572

Title Making a continuing appropriation for general obligation annual debt service

Requested by Senate Finance Committee Date 5/19/81

II. FISCAL DETAIL

Agency Affected State Bond Committee

Program Category Affected \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (~~Thousands~~ of Dollars) → MILLIONS ←

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		105.9	137.8	160.5	153.8	148.8
TOTAL		105.9	137.8	160.5	153.8	148.8

→ MILLIONS ←  
FUNDING (~~Thousands~~ of Dollars)

GENERAL FUND		105.9	137.8	160.5	153.8	148.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill would, in effect, provide for the appropriation of those amounts required for the payment of annual debt service automatically on issued and outstanding general obligation bonds.

THE ABOVE AMOUNTS INCLUDE ALL BOND ISSUES THRU 1980, SERIES A PLUS AN ESTIMATE OF THE DEBT SERVICE THAT WOULD BE REQUIRED ON NEW BOND SALES DURING 1981 AND 1982. NO NEW PROGRAMS OR SERVICES ARE ADDED; THE ABOVE SIMPLY REFLECTS THOSE AMOUNTS WHICH WOULD HAVE TO BE APPROPRIATED ANYWAY TO COVER BONDS ALREADY COMMITTED TO.

NO ADMINISTRATIVE COSTS ARE NECESSARY.

*Anselm C. Staack*

IV. DATE May 26, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Dept. of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)